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ABSTRACT

This report presents the findings of the data collected from 29 day care centers (in the Chicago area and downstate Illinois) during the field test of the Day Care Cost Analysis Manual. The test had two aims: (1) to determine whether the manual's procedures are feasible for conducting a cost analysis, and (2) to collect data on the income and costs of operating day care programs. Included is a review of the strategies used in the collection of data, the findings of the field test, and a discussion of the methodology and concepts of cost analysis. (SET)

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FINDINGS

DAY CARE COST ANALYSIS PROJECT

PS

An analysis of income and expenditures collected from 29 day care centers

COUNCIL FOR COMMUNITY SERVICES IN METROPOLITAN CHICAGO

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COUNCIL FOR COMMUNITY SERVICES IN METROPOLITAN CHICAGO

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DAY CARE
UTILIZATION OF COST AND TIME DATA

FINDINGS
May, 1972

This work performed through
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FOREWORD

This report represents the findings of the data collected during the field test of the *Day Care Cost Analysis Manual* from twenty-nine day care centers in the Chicago area and downstate Illinois.

The field test of these procedures has determined that it is feasible to do a cost analysis using operational data on expenditures and income and to allocate costs to specific functions.

The field test included centers of varying auspices, with varied types of programs and differing geographic areas. Seven centers were private proprietary, twenty-two were not-for-profit (of which six were church-related), and four were cooperatives. The child capacity ranged from 20 to 250 enrollees.

The findings illustrate the great variation in types of expenditures and income sources. They also reveal the tremendous variation in costs per child and the utilization of income in ten major program and administrative functions.

This study has revealed the need for a unified record system in the day care field. The Office of Child Development has continued this grant into 1972 to extend the work in this important area. Participating agencies will have an opportunity to provide feedback on the use of the data received, and the project staff have been assigned to revise the manual and develop a "simplified recommended accounting system and to organize workshops to disseminate information and provide training for broader use of the revised procedures."

We wish to thank the many agencies that participated in the development of this project and cooperated by opening their doors and their books to scrutiny. The findings provide the largest sample of cost data in the United States and will contribute to future planning and budgeting for day care programs.

John H. Ballard, Executive Director
Council for Community Services in
Metropolitan Chicago

PREFACE

This report represents the first analysis of expenditure and income data in the Chicago area collected in this manner and allocated to functions related to day care services.

We are pleased to present these findings with discussion including the strategies used, the problems of allocating funds, and basic data provided through the cooperation of the centers that participated in the field test.

These findings also provide for further analysis by use of different classifications of centers and services. More work will be done in 1972 to further utilize the total amount of information gathered and to make it useful to the field.

We especially wish to thank the many center staff who worked with our staff making this study possible, and Dr. Charles P. Gershenson and Ms. Helen Howerton of the Office of Child Development for their support and constructive suggestions. We wish to thank Keith McClellan, former project director, Ms. Thelma Jones, project secretary, and Jemmie Turman, graphic artist, for their work on the project and report.

Jean E. Bedger
Research Director

PARTICIPATING CENTERS

Betty's Nursery and Kindergarten, Chicago
Beverly Montessori, Chicago
Center for Pre-School Education, Chicago
Chase House, Chicago
Church Women United Day Care Center, Carbondale
Continuation Center for Adult Education, Eldorado
De Paul Settlement Day Nursery, Chicago
Gingerbread House, Princeton
Horizon House, Chicago
Hyde Park Cooperative, Chicago
Jolly Fun House, Chicago and Norridge
Lakeview Center for Retarded Children, Chicago
Laren Montessori, Harvey
Lawndale Day Care Center, Chicago
Lincoln Park Cooperative, Chicago
Lithuanian Montessori, Chicago
Mary Crane Nursery School, Chicago
Monmouth Head Start Center, Monmouth
My School, Belleville
Parent and Child Center, Mount Carmel and Fairfield
S & S Day Care Center, Galesburg
S.E.A.R.C.H., Chicago
Southeast School for Retarded Children, Chicago
Tri-City Cooperative, Riverdale and South Holland
Uptown Lutheran Day Care Center, Chicago
Virginia Frank Child Development Center, Chicago

INTRODUCTION

Good fiscal information is a prerequisite to consistent, successful management and the foundation for sound patterns of financial support. However, charitable organizations, foundations, private providers of social services, and agencies at all levels of government have long been hampered by a dearth of reliable information about the cost of social services.

Cognizant of these facts, the Council for Community Services in Metropolitan Chicago (formerly the Welfare Council of Metropolitan Chicago) initiated research into the cost of providing institutional care for children as early as 1964.

On the strength of five years of research on the utilization of time and cost data for children's institutions and two decades of involvement in research and planning for day care, the Council received a grant in the winter of 1969-70 from the Children's Bureau, U.S. Department of Health, Education, and Welfare, to develop a manual of instructions for the analysis of day care costs. This manual, titled *Day Care Cost Analysis: A Manual of Instructions,* was published by the Council in 1971.[1]

During the preparation of the manual, preliminary surveys were conducted to determine the most appropriate methods of approaching the development of a day care cost concept. Theoretical assumptions on the classification of day care centers were proposed and pursued.

Day care centers, day care homes, and other types of day care arrangements differ widely in size, scope, clientele, child care objectives, and even in fiscal objectives. Operational day care centers currently range in size from centers serving six to eight children to centers serving over 200 children. Their scope of service ranges from highly sophisticated preschool education to mere custodial care. Some day care centers serve children who are emotionally disturbed or physically handicapped, while other centers serve only normal

[1]Keith McClellan, Delia Zemont, and Carol Kelpsas, *Day Care Cost Analysis: A Manual of Instructions* (Chicago: Welfare Council of Metropolitan Chicago, 1971), Publication No. 4017. Subsequent references to this source use the shortened title *Day Care Cost Analysis Manual.* This introduction and Part I of this report are extracted largely from the manual and serve as necessary background information.

children. Some centers emphasize the mastery of skills, while others emphasize the mastery of interpersonal relationships. Finally, some centers seek to minimize potential fiscal losses in their management strategy, while others seek to maximize potential fiscal gains.

Day care centers that differ in size, scope, clientele, and objectives cannot be compared without a clear understanding of what is being compared. Obviously, comparing costs of day care centers that serve children who are deaf and blind with centers that serve normal children would be misleading without reference to the clientele. Likewise, to compare the costs of operating a day care center that provides portal-to-portal transportation for its clients as a part of its service package with one that provides no transportation would produce distortions.

Two innovations—the classification of day care centers and the identification of costs of exogenous services and their separation from the costs of core services—are seen by the manual as a potential solution to these problems.

Program Classification: Initial Assumptions

The classification of day care centers begins with the hypothesis that selected ownership and program characteristics can be used to predict the clientele, facilities, staffing patterns, services, and organizational arrangements of day care centers. In turn, these variables are seen as predictors of variations in costs of operating day care centers of the same size.

To gather the necessary information on day care center characteristics to test the hypothesis, a census was conducted of the 544 preschool day care centers located in metropolitan Chicago and licensed by the State of Illinois as of February 1, 1970.

A statistical analysis of this census, titled "Day Care in the Chicago Area," is presented as Appendix B of this report.

A self-administered questionnaire, designed to take a maximum of 30 minutes to complete, was mailed to the 544 centers. The questionnaire, which posed a total of 45 questions, was structured in five parts:

1. Ownership and management
2. Facilities
3. Measures of physical environment
4. Clientele
5. Program (i.e., learning and teaching techniques)

The significant amount of information produced by the self-administered questionnaires was augmented by the insights gained from 33 selected, on-site reconnaissance visits consisting of open-ended interviews with administrative personnel.

By August 1, 1970, 293 responses had been received. These responses represented approximately 54 percent of the licensed day care centers in metropolitan Chicago (see Table 1).

Since proprietary centers licensed for from 30 to 59 children and centers with insecure management, program, or financial status are somewhat underrepresented in the responses, the slight bias thus created has a distorting influence on the data when they are used to describe the characteristics of all day care centers in metropolitan Chicago.

Initially, dependent variables such as sources of income, full-time staff members with college education, the presence of central purchasing, the use of contract services, service to ethnic minorities, service to handicapped or mentally disturbed children, and service to the neighborhood of location were run against 16 different ownership-auspices arrangements. After making successive tests in which categories were merged with other categories, it was found, on the basis of the dependent variables used, that four categories adequately described the 16 types of ownership-auspices arrangements originally tested.

The four categories that emerged were labelled (1) private proprietary, (2) church-related, (3) not-for-profit, and (4) cooperative. Private proprietary includes individual proprietorships, partnerships, and corporations. Church-related centers were considered to be not-for-profit organizations with church affiliation. Not-for-profit is a category used to identify all not-for-profit organizations *without* church affiliation. Among these are centers with university affiliation, centers managed by governmental bodies, and centers managed by unions. The category titled "cooperative" includes day care centers that are owned or managed by parents who supply either capital or manpower or both to run the center and whose children in turn receive services offered by the center through enrollment at the center.

The hypothesis that a classification system based on program and ownership arrangement can be used as a predictive device to isolate clusters of day care centers sharing similar expenditure and income patterns was further tested.

An analysis of day care costs entails the development of appropriate units of measurement, a method of identifying and isolating exogenous costs, the determination of a basis for treating donated goods and services, and a standard procedure for allocating expenditures to appropriate functional cost categories. The test of the accuracy of these procedures is their ability to provide insight into such matters as good management strategies, optimum sizes of day care centers, suitable fee schedules, proper ratios between indebtedness and net income, and appropriate staffing patterns.

After the *Day Care Cost Analysis Manual* was published in July 1971, a field test of the manual was organized and data were collected from 29 day care centers on fiscal year 1970. This group includes centers with varying ownership-auspices, programs, and number of children served. There are seven proprietary, twelve not-for-profit, six church-related, and four cooperative centers in the test group. The test had two aims in mind: (1) to determine whether the manual's procedures are feasible for conducting a cost analysis, and (2) to collect hard data on the costs of operating day care programs.

This report provides a review of the strategies used in the collection of data in 29 centers, the findings of the field test, and a discussion of the methodology and concepts of cost analysis.

TABLE 1

COMPARISON OF NUMBER OF CENTERS FOR PRESCHOOL CHILDREN THAT RESPONDED TO QUESTIONNAIRE AND NUMBER OF CENTERS LICENSED FOR PRESCHOOL CHILDREN (February 1, 1970)

Ownership or Auspices	Total Number of Centers			Average Daily Attendance								
				0-29			30-59			60+		
	No. Licensed	No. of Responses	% of Total	No. Licensed	No. of Responses	% of Total	No. Licensed	No. of Responses	% of Total	No. Licensed	No. of Responses	% of Total
Private	185	85	51	50	30	60	88	28	32	47	27	57
Church-related	131	66	55	58	33	57	47	21	45	26	12	46
Not-for-profit	221	110	55	85	50	59	95	39	41	41	21	51
Cooperative	7	5	71	4	2	50	3	3	100	0	0	–
Total	544	266*	49	197	115	58	233	91	39	114	60	53

Source: *Day Care Cost Analysis: A Manual of Instructions.* Data obtained from the Illinois Department of Children and Family Services and from the 293 centers that responded to the questionnaire sent out prior to publication of the manual.

* In addition, 27 centers responded to the questionnaire but did not indicate average daily attendance. These were distributed as follows: Private–10; Church-related–6; Not-for-profit–11.

PART 1
THE STRATEGY OF COST ANALYSIS

Many of the problems that are associated with conducting cost and time analyses in children's institutions become accentuated in day care centers. The inaccuracies and limitations in bookkeeping and accounting that are prevalent among children's institutions are a much more serious problem for day care centers, particularly proprietary and cooperative centers. The accounting problems introduced by the use of donated goods and services are also more acute because the practices, purposes, and benefits relative to such donations vary more widely and are typically more critical to the operations of a day care center. Furthermore, variable overhead arrangements, depreciation allowances, scopes of service, quality and effectiveness of service, and units of measure pose common obstacles to be resolved prior to cost analysis.

In addition to the problems that are common to both children's institutions and day care centers, a series of new problems arises in determining cost and methods of accountability in day care centers. Most children's institutions (75 percent) are more than 25 years old.[2] By contrast, a majority of the day care centers in metropolitan Chicago, for example, are less than six years old. Moreover, a number of day care centers appear to be transitory. Consequently, most day care centers must cope with a steady stream of change, and their programs are constantly being modified. Cross-sectional analysis without longitudinal controls therefore poses much more serious limitations to accurate cost analysis—assuming that cost relationships are significantly altered by initial capitalization costs and evolving programs.

The presence of centers that operate for purposes other than that of profit among the group of centers to be assessed by means of a cost analysis model introduces a potential conflict in the basic objectives of the model. These centers include (1) cooperatives, (2) proprietary centers that constitute only a partial source of income for their promoters, and (3) church-parish or church-congregation-centered programs. By and large, cost analysis models assume that output should be maximized relative to costs. In the management of these three types of centers, however, it is often assumed that possible losses should be minimized rather

[2]Donnel M. Pappenfort and Dee Morgan Kilpatrick, "Child Care Institutions, 1955: Selected Findings from the First National Survey of Children's Residential Institutions," *Social Service Review*, Vol. 43, No. 4 (December, 1969), p. 449.

than possible gains maximized. For these centers, survival -even at the cost of using available resources inefficiently–is preferable to taking the risks that may be necessary to optimize the use of those resources. The models for achieving these divergent ends are obviously different.

STRATEGY OF *DAY CARE COST ANALYSIS MANUAL*

Private providers of social services (including child care agencies), community funds, charitable organizations, foundations, and agencies at all levels of government have been hampered by a dearth of reliable information about the cost of social service. Why?

The mere mention of cost analysis implies that the center will need to contribute cost and time to a project not directly related to giving actual service. Such an analysis may involve staff time (and therefore expense), but more likely it means the expense of hiring a cost analysis consultant. Even if a center or agency is willing to go this far, would the worth of the information gained override the cost of undertaking an analysis? Would a center have to restructure its record-keeping system? These are some of the considerations that have made cost data so difficult to obtain. They also constitute the managerial problem to which the manual was addressed.

The organizing principle of the *Day Care Cost Analysis Manual* was to design it for use by anyone interested in cost analysis in child care.

To bring cost analysis to a manageable level so that anyone interested in studying costs of services–even though he lacks experience and special expertise in accounting or cost analysis–can do so with minimal aggravation and expense, the following principles were incorporated into the manual's procedures:

1. Standard accounting methods are *not* necessary to complete a cost analysis. *Standard reporting* is absolutely necessary.
2. *Standard definitions* for income sources, line-items, functional categories, and units of measurement are absolutely necessary.
3. Time studies per se are not necessary to the undertaking of cost analysis.
4. There are *two ways to analyze costs:* (a) by line-item expense, and (b) by functional category. The manual contains forms and procedures for both methods.
5. The overhead *costs of administration* and *costs of occupancy* should be prorated to the other functional categories when analyzing costs by functional category.
6. For purposes of cost comparison, *child care programs* should be *classified,* taking into consideration factors such as size (by licensed capacity), auspices, program, clientele, and geographic area.

Standard Reporting

The *Day Care Cost Analysis Manual* differs from the manual prepared for *Utilizing Cost and Time Data in Agency Management*[3] in that it focuses on a standard reporting system for annual income and expenditures.

By focusing on standard reporting of income and expenditures, a wider variety of types of day care centers can participate than would be possible if centers were asked to institute changes in bookkeeping procedures. Moreover, reliable cost analysis requires standard *reporting* of annual expenditures rather than a standard accounting system for those expenditures. A variety of accounting systems may potentially yield the necessary data for standard reporting, as in income tax reporting. Hence, too much concern with the accounting systems used by day care centers may detract from energy better spent in making certain that the expenditures reported through standard reporting forms are appropriately handled so that the data generated will reflect comparable programming and levels of services.

Accrual accounting is recognized as the most realistic method of accounting. Currently, however, most day care centers record revenues only when they are received in cash, and they record expenses only when they are paid in cash. Such "cash-basis" accounting is what the average day care center owner or manager understands by budgeting and accounting. Since a center must meet its obligations on this basis, day care center owners and managers may assume that such accounting is adequate for financial reporting. "Cash-basis" accounting introduces such significant inaccuracies, however, that it is considered inacceptable for most commercial accounting purposes.

Accounting on a cash-basis produces serious distortions from year to year, even of regular items of revenues and expense. Consider, for example, the situation of a cash-basis organization with a biweekly pay period in a year that starts on a Wednesday or a Thursday and ends on a Friday. Under these conditions, an organization would have to report 54 weeks' worth of salary expense. The unpredictable expense variations caused by delayed billings for purchases near the end of a year are an even more important cause of distortions.

Another potentially serious deficiency of cash-basis accounting may occur when a day care center manager manipulates his center's expenses for a year simply by withholding and not paying some of its year-end bills. Cash-basis accounting thus permits manipulations of one kind or another that could significantly distort day care cost analysis.

In **accrual accounting**, on the other hand, an agency records contributions, fees, and other forms of revenue when it obtains an "unqualified right" to receive them, and it records expenses, purchases, and other bills when it incurs a clear obligation to pay them. Fees for services rendered to a public agency, for instance, should normally be recorded as income when the services are rendered. Similarly, a day care center should normally record purchases of services or supplies as soon as they have been received.

[3]Lercy H. Jones, *Utilizing Cost and Time Data in Agency Management* (Chicago: Welfare Council of Metropolitan Chicago, 1969), Publication No. 7006.

The evident advantage of accrual-basis accounting over cash-basis accounting is that accrual accounting provides for the recognition of financial transactions in an organization's accounts in the period when they occur—normally the same month or year. The timing of this recognition depends only on he activities of the organization and is not subject to arbitrary shifting between periods.

The objective of accrual accounting is to report revenue for the period when it is earned and to report expense in the period when it is invoiced—regardless of when revenue is received or expenses are paid. Although the intent of the cost analysis was to account for all amounts of income and expense, centers were not required to accrue minor amounts of interest due on savings accounts but not yet credited or to set up as an asset the unexpired portion of a property insurance premium the benefit of which extends beyond the year of its payment.

To achieve consistency and comparability both between financial statements of successive years and between financial statements of different organizations, it is essential that day care centers adopt accrual accounting as the standard basis for preparing their annual reports.

Accrual accounting need pose no problem for centers whose year-end pledges or other accounts receivable or payable are relatively insignificant. For such organizations, cash-basis and accrual-basis accounting are essentially the same. (It must be emphasized also that accrual accounting is needed for the preparation of annual financial statements for day care cost analysis.)

Standard Definitions and Standard Units of Measurement

In addition to employing accrual accounting, the standard reporting system outlined in the *Day Care Cost Analysis Manual* requires standard definitions and standard units of measurement.

Standard Definitions: Income Sources, Line-items, and Functional Categories

Standard terminology is necessary and must be specific rather than general. The more detailed the definition or terminology, the easier it is to eliminate judgment needed in individual cases. Consequently, the instructions for completing income forms, for making line entries, and for allocating costs to their appropriate functional categories contain definitions that are specific and detailed.

The manual recognizes nine **sources of income**: (1) Fees and Direct Payments, (2) Interest on Deposits by Clients, (3) Memberships, (4) Gifts and Contributions, (5) Grants, (6) Investment Income, (7) Income from Franchises, Rentals and Leases, and Royalties, (8) Sale or Exchange of Property, and (9) Special Events. Definitions of these income sources are found in the manual's instructions for completing Form A, "Statement of Annual Income."

The manual identifies nine major **line-item expenses**: (1) Personnel, (2) Building Occupancy, (3) Licenses, (4) Communications, (5) Advertising/Fund-Raising/Community Relations, (6) Supplies, Depreciation of Furniture and Equipment, (7) Special Services and Professional Fees, (8) Uncollectible Accounts, and (9) Other Expenses. Form B of the manual, "Statement of Annual Operating Expenses," provides a breakdown of what costs are included in each of these line-items.

The functional reporting system in the manual recognizes nine **functional categories**: six are program service functions, and three are supportive service functions. The six **program service functions** are (1) Supervision and Education, (2) Special Education, (3) Food Service, (4) Health Service, (5) Intake, Evaluation, and Referral, and (6) Staff Development and On-the-Job-Training. The three **supportive service functions** are: (1) Administration, (2) Occupancy, and (3) Transportation. The manual's Form C, "Statement of Operating Expenses for Reporting Period as Imputed to Functional Operating Categories," provides a breakdown of the expenses included in each functional category.

Standard Units of Measurement

In the manual the problem of measuring service is confined to a measurement of gross output as contrasted to program impact. For the sake of simplicity, the largest *common* denominator of service was sought. The largest denominator would appear to be cost per year of operation. However, some centers are open for only nine months of the year. The same problem occurs if a week is used as the denominator: not all centers operate the same number of days per week. In addition, day care centers vary in the number of hours they operate each day. Some centers are open only in the morning, while others are open twelve hours a day. Therefore, the largest common denominator was considered to be "child-hours of service."[4]

Child-hours of service are figured on a monthly basis by multiplying the number of hours of service per day by the number of children *enrolled* during a month by the number of days the center is open during that month. The total child-hours of service for each month the center is open during the reporting period are added together.

No Time Studies

One of the major obstacles to functional reporting is an accurate prorating of salaries, payroll taxes, and fringe benefits that are paid to employees who perform more than one job function. Traditionally, time studies have been made of the activities of these employees as a basis for prorating their salaries, etc., to the appropriate functional categories.

A time study is the most accurate device for prorating the time and subsequently the salaries, etc., of personnel. However, time studies are relatively costly and inconvenient to undertake. Unless a daily log is maintained that accounts for even short intervals of time, their accuracy is limited. An analysis of work schedules and job titles and systematic estimates of the number of hours per week spent on various duties are recommended instead.

[4]Two centers may operate the same number of hours but be open a different number of days and incur different expenses as a consequence. Hence, a record of the number of days the center operates is also requested.

Two Ways to Analyze Costs

There are two ways to analyze costs: by line-item expense, and by functional category. The *Day Care Cost Analysis Manual* contains forms and procedures for both methods.

The decision as to which method should be the focus of attention involves a value judgment about what kind of data are considered useful by the particular user and the degree of detail required.

By Line-item

In analyzing costs by line-items, the manual takes into consideration: Personnel; Building Occupancy; Licenses; Communications; Advertising/Fund-Raising/Community Relations; Supplies and Depreciation of Furniture and Equipment; Special Services and Professional Fees; Uncollectible Accounts; and Other Expenses. The line-item designated "Other Expenses" includes income and corporation taxes, dividends, and net changes in working capital derived from operations. Proprietary centers are concerned with staying in business and making a profit; unless they show a profit, they cease to operate. Hence, dividends or their noncorporate counterparts are considerations in proprietary day care centers.

Perhaps the most unusual operating expense in this classification is "net gains in working capital derived from operations." This set of costs is a recognition that depreciation allowances by themselves are not sufficient for replacing capital goods. Depreciation allowances merely permit the replacement of capital goods based on the original purchase price. But inflation, changes in standards, and changes in quality often make it impossible to replace capital goods at their original price. For these reasons, up to 10 percent of the total amount of depreciation allowance claimed is to be considered an operating expense in this system and is to be allocated to the line item "net changes in working capital derived from operations." Net changes in working capital from sources other than operations, such as the issue of capital stock for cash, are *not* to be considered as operating expenses.

Proprietary centers are typically interested in the percentage of payroll expenditures to total out-of-pocket costs. They are also interested in the amount of capital tied up in supplies, the cost of rent and utilities, and the value and cost of advertising. They do not appear to be particularly interested in research, social work, or counseling per se, nor do they seem to require a detailed breakdown of how staff time contributes to most of the functional aspects of their program. These centers are therefore more interested in a breakdown of cost by line-items than by functional category.

By Functional Category

In studying costs by functional categories the manual recognizes six program service functions (Supervision and Education; Special Education; Food Service; Health Service; Intake, Evaluation, and Referral; Staff Development and On-the-Job-Training) and three supportive service functions (Administration, Occupancy, and Transportation). Administration is defined as Management and General Administration. This distinction is made

principally for operational analysis. It recognizes that not all administrative costs are management costs. Administration and Occupancy are seen as overhead costs.[5] As such, their cost ultimately must be prorated as part of the cost of providing program service functions

Under the procedures described in the manual, Occupancy is distributed against Administration and the six program service functions. Adjusted administration costs are then distributed to the six program service functions. One of the principal advantages of identifying Occupancy as an operating function to be distributed against program service functions is the isolation of the cost of performing program functions exclusive of Occupancy costs, especially in making comparisons *between* different centers. This is particularly important in the case of rental costs, which vary widely between inner city and suburb and between cities.

Transportation is also considered a supportive service function, but unlike Administration and Occupancy, it is not considered an overhead cost. Hence, Transportation costs are not attributed to the total cost of providing child care program services.

Public administrators, whether representing a local, state, or federal level of government, appear to be primarily concerned with overall accountability as measured by general audits and benchmark guides to normative costs. In addition to knowing the costs involved, they are more likely to be interested in measuring the amount and determining the kind of service being provided. Therefore, public administrators focus on analyzing costs by functional categories because this kind of analysis reports the operating costs by program or service function and permits administrators and funding agencies to make cross checks into the use of funds. Management and fiscal problems are thereby isolated before they become serious. Such an analysis also provides insight into the nature of changes that occur within institutions and agencies over time as well as a detailed breakdown of how staff time contributes to the various functions.

If, for example, a public center is also interested in looking at costs by line-items and a private center is also interested in looking at costs by functional category, they can choose either method or both methods. The manual has been designed to permit this flexibility. To use either method, one must first complete the manual's Form D, "Summary Statement of Total Expenditures." Once Form D is completed, it is merely a matter of following instructions and transferring that information to either Form B (costs by line-item) or Form C (costs by functional category) or to both.

Prorating Occupancy and Administration

In analyzing costs by functional category, the manual recommends that costs of Administration and Occupancy be prorated to the other functional categories.

[5]The total Administration cost to be prorated is the combined cost of Management and General Administration.

Prorating Occupancy Costs

Typically, the costs of Occupancy are prorated among various program service functions being costed according to the percentage of total floor space occupied by each program service function.

This method of prorating Occupancy costs has a number of inherent weaknesses when applied to the analysis of the costs of operating day care centers. Day care centers—particularly proprietary centers—use a given space for a number of functions during the course of an operating day. Consequently, prorating of the space used for several purposes would require time studies of space-use before the cost of that space could be accurately apportioned. Such time studies would be complicated by changes in the use patterns of floor space during the course of a year. In addition, the prorating of common space such as halls, restrooms, utility rooms, and storage space would require a special strategy, and not all space is of equal value as assumed in this technique for distributing Occupancy costs.

An alternative method of prorating Occupancy costs is recommended in the manual. It calls for distributing Occupancy costs on the basis of the man-hours spent performing each of the functional services excluding Transportation. While this method of prorating creates mild biases, it has two significant advantages.[6] First and foremost, it is easy and inexpensive to compute. Second, in child care centers, there is a close parallel between the number of man-hours spent by persons engaged in various functions and the way in which space is used.

Prorating Administration Costs

Once Occupancy costs have been distributed against Administration and the six program service functions, then the adjusted costs of Administration are to be prorated among the six program service functions.

Many functional reporting systems divide Administration into general management and fund-raising prior to prorating management costs. When fund-raising costs are separated from other management costs, the total cost of fund-raising is generally distributed among various program service functions on the basis of the percentage of total net expenses incurred by each function. This division is *not* recommended in the *Day Care Cost Analysis Manual* as it is difficult to relate fund-raising efforts to specific program service functions in child care service centers.[7] For the same reason, procedures outlined in the manual do not call for calculating the net expenses for the six program service functions identified.

[6]At least two biases are created by using this methodology: (1) a mild reduction in the appropriate Occupancy costs charged to Supervision and Education because this function requires more space than other functions, and (2) a mild bias related to size, that is, the charging of the costs of common space in centers with small staffs or in centers with staffs just over the threshold requiring additional common space such as bathroom facilities.

[7]For purposes of organization analysis, fund-raising expenses have been separated from other management costs as a line entry in the Management category under Administration.

There are three main methods of prorating Administration costs, whether or not fund-raising is considered to be a part of Management.

Several functional systems, including the one recommended by Community Fund of Chicago, Inc., use the percentage of the total cost of the salaries paid to persons engaged in the operating program functions as the mechanism for prorating Administration expenses to functional program services.[8] This method of distributing Administration costs has several significant weaknesses. The implication of the system is that it costs more to manage staff personnel who receive high salaries than those who receive low salaries. This is certainly a spurious assumption since higher salaries are often given to persons who have more experience and who exercise more independence and initiative. Furthermore, it assumes that the substitution of contract services for salary reduces administrative costs. Finally, the distribution of administrative costs such as licenses, telephone, and other communications expenses on the basis of dollar value of salaries paid also would appear to introduce distortions.

A second method of distributing Administration costs uses the percentage of total man-hours spent by staff in each of the program service functions as the basis for distributing Administration costs. To avoid the distortions introduced by the substitution of contract services, this method requires an adjustment for the man-hours spent by contractors in providing services in each of the program service functions.[9] This adjustment entails obtaining information on the number of man-hours and the types of tasks performed by the contractors and including these hours in the total staff-hours. If this information is available, the distribution of Administration costs by this method has advantages over the method based on the percentage of total salaries spent in each function, since it neutralizes distortions created by differences in salaries paid to personnel.

The third method of distributing Administration costs is the method recommended in the *Day Care Cost Analysis Manual.* It calls for computing the percentage of the total expenses spent on providing each functional program service and prorating Administration costs on this basis. While this method of distributing Administration costs is affected by differential salaries paid to personnel performing different program functions, the effect of this distortion is somewhat neutralized by accounting for contract services and nonpersonnel costs in the expenditures for each functional category. This method of distributing Administration costs avoids the need to keep records on man-hours of time purchased through contract services.

[8]Community Fund of Chicago, Inc., *Accounting and Budget Manual,* November, 1966, Chapter 11, page 12.

[9]This argument does not apply to distributing Occupancy costs by man-hours of service since contract services typically do not require the use of building space, whereas management expenses are associated with the arrangement and assurance of appropriate delivery of contract services.

FIELD-TEST SAMPLE

To obtain a representative sample in the study, centers were chosen from various types of ownership auspices, programs, locations, and capacities. Centers were classified into the four auspices groups delineated by the manual: (1) private proprietary, (2) not-for-profit, (3) church-related, and (4) cooperative centers. The operational features of these centers are outlined in Table 2.

Geographical location was also considered in the selection of the centers in the sample. Seventeen centers were located within the Chicago city limits, four in surrounding suburbs, and eight outside the Chicago metropolitan area (downstate Illinois). The sample represents both urban and rural areas with centers located inside and outside of Standard Metropolitan Statistical Areas.

It was also decided that one infant care center, one afterschool center, and two day care or "Head Start" centers operated with the assistance of Community Action Program (CAP) agencies should be included.

PROCEDURE FOR COLLECTING DATA

The procedure followed by the staff of the day care cost analysis project had three stages: initial contact, site visit, and actual collection of data.

1. **Initial Contact**. A telephone contact was made with the directors of centers to explain the project and discuss their willingness to participate in the field-testing of the manual. Directors were informed that the testing would entail allowing project staff to have access to their 1970 records of expense, income, enrollment, and personnel. An appointment was made to visit the center.

2. **Site Visits.** Site visits included additional discussion and explanation of the project's goals and methods and planning for collection of data.

3. **Collecting the Data**. The first eight centers in the field-test were located downstate. All but one center cooperated completely with the project.

To familiarize all project staff with the procedures involved in actually collecting data, all three project staff members went as a group to each participating downstate center. Using the *Day Care Cost Analysis Manual* and the manual's forms, one project staff member collected information on income and expenses including personnel compensation, while the other two collected material on personnel, typical work days, enrollment, donated goods and services, supplies inventory, income, and center background information.

After completing data collection in these downstate centers, it was felt that one staff member working alone was capable of collecting the required data and information. However, in the interest of cutting collection time per center in half, two project staff members worked together gathering data from each participating center in the Chicago and suburban areas.

PART 2
FINDINGS OF THE FIELD TEST

During 1971, the day care cost analysis project staff field-tested the *Manual of Day Care Cost Analysis* in 26 agencies, including 29 centers in the Chicago area and downstate Illinois. These centers represented a sample varying in size of operation, program and philosophical orientation, type of ownership, and clientele. A breakdown on the number of centers by auspices is presented in Table 2.

The total budget expenditures incurred by the 29 centers during 1970 was $2,558,945, and the expenditures of the individual centers ranged from $6,736 to $313,263 per year. Centers varied in size (child capacity) from 20 to 250 children. Programs varied from providing custodial care to providing sophisticated child development programs, and operated on a basis of three hours per day to full-day and after school care.

Costs per child hour and costs per child per year ranged widely. The range, by auspices, is illustrated in Table 3. It is important to note that the two highest figures represent unusual programs and are extremes. In those groups, therefore, the second highest cost rate is also given (shown in parentheses). More specific data are presented in detailed Tables 1 and 3 in Appendix A of this report.

These summary data indicate that the cost per child-hour ranges from 32 cents to $2.69 except in the two centers where costs were $3.50 and $7.10 per hour. The annual cost per child varied generally from $640 to $5,380, with the two special programs costing $7,000 and $14,200. More detail by center, type of program, expense, capacity, and cost per child is provided in Table 4.

ENROLLMENT

It was expected that enrollment figures would usually be higher than licensed capacity. In over 50 percent of the centers in the study, however, enrollment was lower than licensed capacity. The range of enrollment by auspices is shown in Table 5. (See Appendix Table 9 for more detail.)

TABLE 2

CLASSIFICATION OF CENTERS IN FIELD-TEST SAMPLE

Type	No. of Centers	Range of Hours*	Child Capacity
Private proprietary Preschool	7	2.0 - 8.0	20 - 154
Not-for-profit Montessori Parent-child Exceptional children Head Start Preschool	12	3.0 - 10.0	25 - 116
Church-related Preschool Head Start Exceptional children Preschool and school age	6	3.5 - 10.5	24 - 250
Cooperative Parent-child Preschool	4	2.5 - 4.0	40 - 80
Total	29		

*Range of hours during which centers are open per day.

TABLE 3

SUMMARY OF CENTERS BY AUSPICES

Centers by Auspices	No. of Centers	Range of Cost per Child Hour	Range of Cost per Child per Year
Private proprietary	7	$.32 - 1.29	$ 640 - 2,580
Not-for-profit	12	$.61 - 3.50 (2.69)	1,220 - 7,000 (5,380)
Church-related	6	.46 - 7.10 (1.72)	920 - 14,200 (3,440)
Cooperative	4	.86 - 1.04	1,720 - 2,080
Total	29		

Note: Figures in parentheses represent the second highest rate in that auspices group.

TABLE 4

CHARACTERISTICS OF ALL CENTERS: TYPE, EXPENSE, CAPACITY, AND COST

Auspices	Centers	Type of Center	Number of Hours per Day per Child	Total Expense	Child Capacity[a]	Cost per Enrolled-Child-Hour of Service	Cost per Child per Year[b]
Private proprietary							
	1A	Partnership-preschool	2.5	$ 6,736	59	$ .83	$ 1,660
	1B[c]	Day care & Summer day camp	6.5 in one center				
			3 in Second center	169,707	154	.55	1,100
	1C	Partnership-preschool	7 (26% of children stay 5 hours)	17,316	20	.59	1,180
	1D	Corporation-preschool	3 One session				
			8 Second session	67,336	70	1.29	2,580
	1E	Preschool	7.5	29,326	49	.32	640
	1F	Preschool	8	44,010	60	.48	960
Not-for-profit							
	2A	Head Start	3	98,315	90	1.49	2,980
	2B	Child care and parent	10 Maximum				
		Education and counselling	5 Average	303,215	95	2.69	5,380
	2C[c]	Parent-child center	4	197,578	55	3.50	7,000
	2D	Exceptional & retarded children	5	51,254	26	2.56	5,120
	2E	Children of parents receiving public aid & in adult training program	6	87,725	60	.76	1,520
	2F	Corporation-Montessori	3	63,029	60	1.54	3,080
	2G	Corporation-Montessori	3	19,004	50	.61	1,220
	2H	Corporation-Montessori	2.5	45,464	65	1.69	3,380
	2I	University affiliation-Preschool and school-age	9.5	115,946	116	.68	1,360
	2J	Mentally retarded, emotionally disturbed, and physically handicapped	6.5	132,259	50	1.96	3,920
	2K	Retarded (primarily), emotionally disturbed, and physically handicapped.	5.5	176,134	80	2.01	4,020
Church-related							
	3A	Preschool and school-age	9.5 Average	122,075	60	.89	1,780
	3B	Head Start	5	24,022	24	1.72	3,440
	3C	Preschool	10.5 Average	92,407	44	1.10	2,200
	3D	Emotionally disturbed, or mentally retarded, and parent counselling	3.5 Average 4.5 Counselling service	255,254	30	7.10	14,200
	3E	Corporation-preschool and school-age	5- School-age 10- Preschool	313,263	250	.78	1,560
	3F	Preschool and school-age	3.5 - 15% of children 6 - 35% of children 10 - 50% of children	81,449	100	.46	920
Cooperative							
	4A	Parent participation	2.5	19,558	42	.91	1,820
	4B	Corporation-preschool	4	14,833	40	1.04	2,080
	4C[c]	Corporation-preschool	2.5	20,730	80	.86	1,720

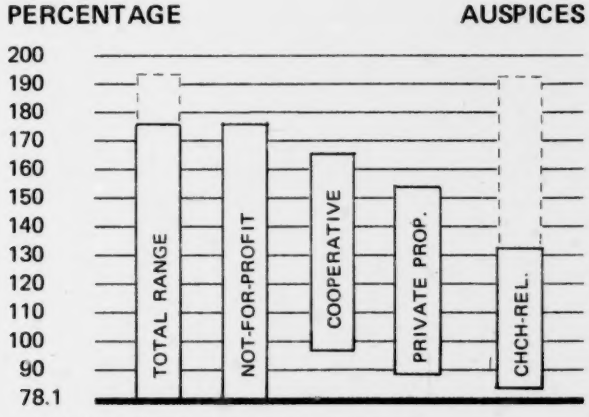
a Based on licensed capacity.
b 2,000 hours per year (8 hours per day x 5 days per week x 50 weeks per year).
c This agency operates two centers.

TABLE 5

RANGES OF ENROLLMENT BY PERCENTAGE OF CAPACITY AND AUSPICES

Private Proprietary	Not-for-Profit	Church Related	Cooperative	All Groups
88.1% – 154.3%	78.1% - 174.2%	80.4% - 193.0%	97.5% - 165.0%	78.1% - 193.0%

When calculating enrollment, the number of children who received service from the center was used. In one center this includes an average of 19 children per month who did not attend the center but who received service indirectly through counseling given to their parents. As a result, this center showed enrollment to be 193 percent of its licensed capacity. If these children are excluded, then enrollment becomes 131.3 percent of capacity. The range of enrollment is shown in Figure 1. The special cases mentioned above are shown on the diagram with dotted lines.



Note: Dotted lines indicate unusual cases.

FIGURE 1

RANGES OF ENROLLMENT BY PERCENTAGE OF LICENSED CAPACITY AND AUSPICES

Seven centers (or 25 percent of the sample) reported enrollment below 90 percent of capacity, while seven centers reported enrollment over 115.7 percent of capacity. In the overcapacity group, the enrollment in five centers varied from 147.3 percent to 193.0 percent. The factors contributing to these high figures appear to be one or more of the following: day camp enrollment, centers offering more than one session per day, and centers where children are enrolled for various numbers of days per week. One center

went from a monthly enrollment of 49 to 258 due to day camp enrollment. Another center had children attending two days per week, three days per week, and five days per week, and in addition had a combination of part-day and full-day sessions.

Enrollment by percent of capacity by group auspices is shown in Table 6. More detail is given in Appendix Table 9.

TABLE 6

ENROLLMENT BY PERCENTAGE OF LICENSED CAPACITY BY AUSPICES

Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Groups
109.5%	110.1%	93.5%	116.4%	105.9%

Although the enrollment percentages seem to reflect an excessive enrollment, it is important to note that the very high enrollment figures prevailing in several of the centers distort the enrollment picture of the group as a whole.

SERVICE FUNCTIONS

In the initial determinations for the development of an appropriate cost system in day care programs, six core services and three supportive services were identified. Since it was found, however, that day camp was offered by several field-test centers, Day Camp therefore was added as another functional category.

The number of centers in each group having each particular service is summarized in Table 7. (Administration and Occupancy were not included in Table 7 as these services are essential to and not selected by each center.) It can be seen that both (a) Supervision and Education and (b) Food Service are functions common to all centers. This table also shows that 83.3 percent of all church-related centers offer all core services, that is, all services except Day Camp and Transportation. All not-for-profit centers have a Staff Development service. Of 19 centers in the study that have a Health Service function, 15 are in the not-for-profit and church-related groups.

INCOME

The manual identifies ten sources of income that are generally applicable in a day care center. The major sources of income received by various ownership groups are outlined in Tables 8 and 9. More detailed data are given in Appendix Table 4. Percentages rather than

TABLE 7

NUMBER AND PERCENTAGE OF CENTERS BY SERVICE FUNCTION AND AUSPICES

Service Function	Private Proprietary		Not-for-Profit		Church-Related		Cooperative		All Groups	
	%	No.	%	No.	%	No.	%	No.	%	No.
Supervision and Education	100.0	7	100.0	12	100.0	6	100.0	4	100.0	29
Special Education	71.4	5	66.7	8	83.3	5	75.0	3	72.4	21
Food Service	100.0	7	100.0	12	100.0	6	100.0	4	100.0	29
Health Service	28.6	2	75.0	9	100.0	6	50.0	2	65.5	19
Intake, Evaluation, and Referral	71.4	5	83.3	10	100.0	6	25.0	1	75.9	22
Staff Development & On-the-Job Training	71.4	5	100.0	12	100.0	6	75.0	3	89.7	26
Day Camp	14.3	1	8.3	1	—	—			6.9	2
Transportation	71.4	5	58.3	7	66.7	4	50.0	2	62.1	18
Total	100.0	7	100.0	12	100.0	6	100.0	4	100.0	29

TABLE 8

SUMMARY OF MAJOR INCOME SOURCES BY AUSPICES AND PERCENTAGE OF AGGREGATE TOTALS

Center Auspices	Percent of Aggregate Totals			
	Fees and Direct Payments	Gifts and Contributions	Grants	Other
Private proprietary	88.1%	11.9%	—%	—%
Not-for-profit	9.6	8.7	77.3	4.4
Church-related	19.7	28.7	17.4	34.2*
Cooperative	77.7	18.1	.4	3.8

*Church-related centers received 31 percent of their income under "Appropriations."

TABLE 9

RANGES OF PERCENTAGES OF
TOTAL INCOME BY SOURCE AND AUSPICES

Income Source	Auspices				
	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Centers
Fees and direct payments	48.1 - 96.4%	10.5 - 82.5%	6.2 - 31.9%	70.8 - 93.1%	6.2 - 96.4%
Interest on deposits/investments	–	–	–	.3*	.3*
[illegible]	–	2.4*	.5*	–	.5 - 2.4
Gifts and contributions	3.6 - 51.9	.3 - 30.1	8.7 - 65.6	5.9 - 27.6	.3 - 65.6
Grants	–	12.7 - 99.4	10.1 - 49.8	–	10.1 - 99.4
Investment income	–	.1 - 7.5	1.0 - 1.4	.3 - 1.0	.1 - 7.5
Income from franchises, rentals and leases, and royalties	.1*	.1*	–	–	.1 - .1
Sale or exchange of property	–	–	–	–	–
Special events	.1*	.1 - 21.0	.2 - 5.9	10.7*	.1 - 21.0
Appropriations	–	7.6*	32.4 - 73.5	–	7.6 - 73.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Only one center received income from this source.

actual dollar amounts are used to illustrate these data. Although ten sources are listed as possible income allocations, only three of these sources produce most of the income utilized in operating day care centers: (1) Fees and Direct Payments, (2) Gifts and Contributions, and (3) Grants.

Private proprietary centers obtain an average of 88 percent of their income from Fees and Direct Payments. Cooperative centers receive an average of 77 percent of their income from Fees. While not-for-profit centers generally receive a low 9.6 percent of their income from Fees, three not-for-profit centers in the study received over 70 percent of their income from Fees. Church-related centers received an average of 19.7 percent of their income from Fees.[10]

A further breakdown of income classified as Gifts and Contributions was made. The source labelled Gifts and Contributions falls into six categories, with volunteer service and donated goods constituting the major sources (see Tables 10 and 11).

Although several trends emerge from the data on income sources, the differences among centers, even in the same auspices group, are so great that further analysis of these differences is recommended. Location, clientele, and program emphasis determine many operating factors and therefore should be considered in making comparisons among centers.

EXPENDITURES

Expenditures were classified according to a ten line-item system. Data were grouped by auspices, and the range of line item expense by center auspices is provided in Table 12. A more detailed breakdown of these data is contained in Appendix Table 6.

These data reveal that the major expenditures include: Personnel, 40.8 to 81.4 percent of the total cost; Occupancy, 2.8 to 43.8 percent of the total cost; and Supplies, 4.6 to 17.2 percent of the total cost. Other items represent only a small percentage of the total cost except for Special Services, which in one center is 18 percent of the total cost.

ALLOCATION OF MAN-HOURS AND BUDGET BY FUNCTION

Aggregate data on allocation of man-hours to functional categories and a total aggregate percentage of budget allocations to each function are provided in Tables 13 and 14. More specific data are provided in detailed Tables 5 and 7 in Appendix A of this report.

The variation between the centers by auspices is not extreme. All centers, regardless of auspices, allocate the greatest number of man-hours, but not necessarily the greatest number of dollars, to Supervision and Education. Individual centers vary tremendously, however, as Table 14 illustrates.

[10]Church-Related centers received 31 percent of their income under "Appropriations."

TABLE 10

PERCENTAGE OF GIFTS AND CONTRIBUTIONS BY SOURCE AND CENTER AUSPICES (AGGREGATE ONLY)

Gifts and Contributions	Auspices				
	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Centers
Unencumbered cash gifts	– %	9.5%	25.1%	.9%	17.2%
Designated cash gifts	–	–	7.7	–	4.5
Legacies, memorials, and bequests	–	–	7.3	–	4.2
Participation in federated fund raising campaigns	–	19.1	28.4	–	21.8
Volunteer service	99.8	51.9	20.8	77.2	40.0
Donations of grounds, furniture, buildings, equipment, and goods	.2	19.5	10.7	21.9	12.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE 11

RANGES OF PERCENTAGES OF TOTAL GIFTS AND CONTRIBUTIONS BY SOURCE AND AUSPICES

Source of Gifts and Contributions	Auspices				
	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Centers
Unencumbered cash gifts	–%	1.5 - 24.2%	3.3 - 88.3%	9.9%*	1.5 - 88.3%
Designated cash gifts	–	–	27.6*	–	27.6*
Legacies, memorials, and bequests	–	–	1.8 - 24.4	–	1.8 - 24.4
Participation in federated fund raising campaigns	–	61.7*	7.8 - 67.6	–	7.8 - 67.6
Volunteer service	95.9 - 100.0	2.7 - 100.0	1.0 - 85.2	63.0 - 96.9	1.0 - 100.0
Donations of grounds, furniture, buildings, equipment, and goods	4.1*	2.2 - 77.9	1.3 - 18.4	3.1 - 37.0	1.3 - 77.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Only one center received income from this source.

TABLE 12

RANGES OF LINE-ITEM EXPENSE BY PERCENTAGE OF TOTAL EXPENSE AND AUSPICES

Line Item Expense	Auspices				
	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Centers
Personnel	40.8 - 76.8%	58.3 - 71.6%	64.6 - 81.4%	65.6 - 78.9%	40.8 - 81.4%
Building occupancy	6.2 - 43.8	2.8 - 19.4	5.3 - 8.8	10.7 - 15.8	2.8 - 43.8
Licenses	.1 - .2	.1*	—	—	.1 - .2
Communications	.1 - 1.1	.3 - 1.7	.5 - .9	.9 - 2.3	.1 - 2.3
Advertising/fund-raising/ community relations	.2 - 2.7	.2 - 9.3	.2 - 2.8	.2 - 2.9	.2 - 9.3
Supplies, depreciation of furniture and equipment	9.0 - 17.2	5.0 - 14.9	4.6 - 12.3	5.0 - 8.9	4.6 - 17.2
Special services	.4 - 8.7	1.2 - 18.0	.5 - 9.5	2.3 - 7.5	.4 - 18.0
Uncollectible accounts	.2 - .7	.1 - .5	—	.2 - .4	.1 - .7
Other expenses	.3 - .6	.1 - 10.8	.2 - 17.4	.1 - .2	.1 - 17.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Only one center had this line item expense.

TABLE 13

PERCENTAGE OF MAN-HOURS AND BUDGET BY FUNCTION

Functional Category	Aggregate Percent of Man-Hours Allocated	Percent of Total Budgets Allocated to Each Function
Administration	20.1%	24.5%
Occupancy	10.9	16.4
Supervision and Education	33.8	21.6
Special Education	6.7	7.6
Food Services	11.9	12.1
Health Services	.9	1.2
Intake, Evaluation, and Referral	4.7	3.9
Staff Development	5.5	5.1
Transportation	3.9	6.0
Day Camp	1.6	1.6
Total	100.0%	100.0%

TABLE 14

RANGES OF PERCENTAGES OF TOTAL MAN-HOURS BY FUNCTIONAL CATEGORY AND AUSPICES

Functional Category	Auspices				
	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Centers
Administration	8.9 - 47.1%	7.6 - 33.4%	13.1 - 26.8%	13.5 - 25.2%	7.6 - 47.1%
Occupancy	5.4 - 13.6	.9 - 21.4	1.5 - 20.2	4.2 - 7.9	.9 - 21.4
Supervision and education	24.3 - 78.9	3.1 - 56.4	2.8 - 56.0	60.9 - 78.1	2.8 - 78.9
Special education	.5 - 6.2	1.2 - 52.5	.2 - 32.7	–	.2 - 52.5
Food service	4.1 - 15.0	1.0 - 22.4	10.5 - 26.1	.7 - 4.2	.7 - 26.1
Health service	–	.1 - 3.3	1.1 - 11.3	–	.1 - 11.3
Intake, evaluation, and referral	1.1 - 3.5	.3 - 12.9	.6 - 9.3	2.6*	.3 - 12.9
Staff development and On-the-Job training	2.0 - 2.9	.8 - 13.3	1.0 - 9.1	1.7*	.8 - 13.3
Transportation	2.0 - 8.8	1.9 - 19.0	3.8 - 5.3	.9*	.9 - 19.0
Day camp	18.7*	11.8*	–	–	11.8 - 18.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Only one center had man-hours in this functional category.

Data on expenditures by functional categories and center auspices are presented in Tables 15 and 16. These tables again reveal the wide variation in center operations. They show, however, that the major portion of expenditures is distributable to Supervision and Education (including Special Education) and in Occupancy and Food Service. The delineation by child-hour cost also reveals that the greatest amount per hour and per child were spent in the same areas, though again the tables indicate a great deal of variation. More details are given in Appendix Tables 1 and 7.

A summary of the percentage of group total expense spent in each service function is presented in Table 17. More detailed data on this finding are shown in Appendix Table 8. These data reveal that the major portion of expenditures are attributable to (a) Supervision and Education and (b) Food Service. In all programs, the core services include the major portion of expenditures—from 85.4 to 98.2 percent.

Service functional expense after proration of Administration and Occupancy expense is shown in Table 18. More detailed data are given in Appendix Table 8. In Table 18, the two service functions of (a) Supervision and Education and (b) Special Education have been combined since they overlap to a certain degree. In most centers where Supervision and Education accounts for the greatest portion of expense it has been found that field trips make up the total expense of their Special Education expense. In centers having special clientele such as emotionally disturbed children, a small expense is shown under Supervision and Education for such services as bus matrons and untrained voluntary help. For these reasons it was considered more appropriate in Table 18 to combine the expenses for these two functions. Day Camp, a function of some day care centers, is a special program that includes many of the core functions and for this reason is shown on a separate line.

The amount of budget spent in Supervision and Education and Special Education shows a wide range—a difference of 60 percentage points between the lowest and the highest for all centers. The differences between centers are 7 percentage points in church-related centers, 11 percentage points in cooperative centers, 40 percentage points in private proprietary centers, and 55 percentage points in not-for-profit centers.

ACTUAL COSTS AND IMPUTED COSTS

Additional calculations were made that reveal the differences by center and auspices regarding actual cost of care and imputed costs as related to enrolled child-hours of service (see Table 2 in Appendix A).

TABLE 15

RANGES OF FUNCTIONAL CATEGORY EXPENSES BY PERCENTAGE OF TOTAL EXPENSE AND AUSPICES

Functional Category	Auspices				
	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	Total
Administration	9.2 - 33.9%	11.3 - 33.2%	17.5 - 37.1%	13.8 - 32.7%	9.2 - 37.1%
Occupancy	11.0 - 45.8	3.4 - 24.7	8.5 - 23.8	13.4 - 20.7	3.4 - 45.8
Supervision and education	16.7 - 61.4	.8 - 39.7	.5 - 39.1	42.5 - 54.7	.5 - 61.4
Special education	.5 - 5.9	.1 - 35.6	.3 - 26.1	.1 - 1.9	.1 - 35.6
Food service	4.6 - 18.5	1.5 - 21.4	5.1 - 24.8	2.7 - 8.4	1.5 - 24.8
Health service	.3*	.1 - 4.2	.1 - 10.8	—	.1 - 10.8
Intake, evaluation, and referral	.8 - 2.2	.3 - 12.1	1.0 - 9.0	2.3*	.3 - 12.1
Staff development and On-the-Job training	1.4 - 2.8	.2 - 9.3	1.6 - 9.3	.7 - 2.6	.2 - 9.3
Transportation	1.4 - 12.8	.1 - 23.7	.7 - 7.8	2.8 - 3.2	.1 - 23.7
Day camp	15.6*	18.3*	—	—	15.6 - 18.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%

* Only one center had costs related to this functional category.

TABLE 16

RANGES OF COST PER ENROLLED-CHILD-HOUR OF SERVICE BY FUNCTIONAL CATEGORY AND AUSPICES

Functional Category	Auspices				
	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Centers
Administration	$ .06 - .19	$ .09 - 1.13	$ .10 - 2.63	$ .12 - .30	$ .06 - 2.63
Occupancy	.06 - .59	.02 - .63	.04 - .71	.12 - .19	.02 - .71
Supervision and education	.05 - .40	.02 - .74	.04 - .67	.39 - .57	.02 - .74
Special education	.02 - .05	.01 - .89	.01 - 1.85	.01*	.01 - 1.85
Food service	.05 - .11	.02 - .49	.12 - .36	.03 - .07	.02 - .49
Health service	—	.01 - .15	.01 - .23	—	.01 - .23
Intake, evaluation, and referral	.01 - .02	.02 - .24	.01 - .30	.02*	.01 - .30
Staff development and On-the-Job training	.01 - .02	.03 - .25	.01 - .43	.01 - .02	.01 - .25
Transportation	.01 - .09	.10 - .83	.01 - .55	.03 - .03	.01 - .83
Day camp	.11	.14*	—	—	.11 - .14
Total	$ .32 - 1.29	$ .61 - 3.50	$ .46 - 7.10	$ .86 - 1.04	$ .32 - 7.10

* Only one center had costs related to this functional category.

TABLE 17

PERCENTAGE OF TOTAL EXPENSE BY SERVICE FUNCTION BY AUSPICES AFTER PRORATION

Service Function	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Groups
Supervision and education	59.1%	36.5%	35.9%	86.3%	40.3%
Special education	1.3	15.4	16.3	.9	13.6
Food service	19.7	17.9	23.9	7.5	20.0
Health service	.3	2.0	3.1	–	2.1
Intake, evaluation, and referral	2.1	8.3	7.9	1.6	7.2
Staff development & On-the-Job training	2.9	10.4	10.1	1.9	9.2
Total core service	85.4	90.5	97.2	98.2	92.4
Day camp	7.7	1.2	–	–	1.6
Transportation	6.9	8.3	2.8	1.8	6.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE 18

RANGES OF PERCENTAGE OF EXPENSE BY SERVICE FUNCTION AND AUSPICES

Service Function	Private Proprietary	Not-for-Profit	Church-Related	Cooperative	All Groups
Supervision and education and special education	44.9 - 85.0%	32.8 - 88.3%	54.3 - 60.6%	82.0 - 93.0%	32.8 - 93.0%
Food service	8.8 - 38.7	2.6 - 30.5	.11 - 36.7	3.8 - 11.2	2.6 - 38.7
Health service	.5*	.1 - 9.0	.1 - 14.5	– .1*	.1 - 14.5
Intake, evaluation, and referral	1.6 - 5.8	.4 - 19.1	1.3 - 15.6	4.3*	.4 - 19.1
Staff development and On-the-Job training	1.9 - 6.8	.2 - 18.9	2.2 - 15.5	.9 - 4.5	.2 - 18.9
Total core services	71.6 - 100	68.6 - 100	92.2 - 100	96.8 - 100	68.6 - 100
Day camp	15.6*	18.3*	–	–	15.6 - 18.3
Transportation	1.4 - 12.8	.8 - 23.7	.7 - 7.8	2.8 - 3.2	.1 - 23.7
Total	100%	100%	100%	100%	100%

*Only one center had costs related to this functional category.

As shown earlier, the total cost of care per child-hour ranged from $0.32 to $7.10. When imputed costs were excluded, the per child-hour cost ranged from $0.16 to $5.67. Imputed costs added an average of 15 cents to the cost per child-hour of service. Average costs are shown in Table 19.

TABLE 19

SUMMARY OF AVERAGE COSTS IN FIELD-TEST CENTERS

Average actual cost	
Per enrolled child-hour	$ 1.01
Per child per year*	2,020.00
Average total cost (including imputed costs)	
Per child-hour	1.16
Per child per year*	2,320.00
Average imputed costs	
Per child-hour	.15
Per child per year*	300.00

*2,000 hours

These differences therefore affect the total cost per child per year. The average actual cost per child per year was $2,020 without imputed costs, and $2,320 per year with imputed costs included.

IMPLICATIONS AND RECOMMENDATIONS FOR FURTHER WORK

1. The field test of the 1971 *Day Care Cost Analysis Manual* tested in 29 centers in Illinois revealed the importance of and the need for a uniform accounting system. Based on the field test, the project staff recommends that the manual be revised and that further guidelines for its use be developed.

2. Additional critical analysis of already collected data will be pursued to take into account the grouping of centers by size and capacity, geographic locations, type of clientele, and type of programs.

3. There is a serious need for a *unified record system* in the day field similar to the National Functional Accounting System and those systems utilized by most Community Fund programs. Like other service fields, the day care field needs to have functional categories identified that will be compatible with their services.

4. Cost analysis systems must progress to the stage where cost-benefit analysis or program evaluation relating expenditures to quality of service is possible.

5. If normative data are the ultimate goal, a broader and larger sample will be needed in each category (auspices, size, type of program, etc.) to more adequately determine what factors affect costs. The compilation of a full year's data, set up in advance with appropriate procedures and with specific classifying definitions, is recommended.

6. Day care center operators, supervisory officials, and others engaged in management and supervisory capacities need training to understand the use of uniform accounting systems and the value and applicability of results to improve management and program operations.

Specific 1972 Work Goals

1. Determine what type of information the participating centers expected from the field test and how it may be used.

2. Determine how much of that information was supplied by the field test.

3. Determine if information *not* supplied could have been supplied by the field test.

4. Redefine and clarify various accounting concepts outlined in the *Day Care Cost Analysis Manual.*

5. Define the types and amounts of consultation required by the day care operators who use the manual (workshops and conferences).

6. Compile a report indicating the results of the project's experience and produce a revised manual including guidelines for its use in centers.

Conclusions

On the assumption that some of the sources of cost variations will be isolated by classification, a system of classification in which day care centers were grouped by ownership-auspices, size, and program was presented in the manual.

In addition to making a classification, the following procedures have been identified as fundamental to conducting meaningful cost analyses:

1. The development of units of measurement that most appropriately reflect the purposes of day care programs and that permit a comparison of costs among centers and programs.

2. The development of a functional accounting system based on the program components common to preschool and school-age settings.

3. The development of a standard procedure for the allocation of objects of expenditure into the appropriate functional categories.

4. The development of a time analysis that will permit the accurate translation of salary items into functional categories.

5. The determination of a basis for handling staff overtime and personnel activities in cost calculations.

6. The determination of a basis for handling donated goods and services in cost calculations.

7. The effect on costs of the socioeconomic background of the clientele served, the quality of the program, the length of the school day, and differing administrative auspices.

8. The effect on costs of the degree of utilization of existing facilities and the degree to which a program operates at capacity.

PART 3
METHODS AND PROCEDURES USED IN THE FIELD TEST

The income and expense data collected in the field test of the *Manual of Day Care Cost Analysis* include actual cash receipts and disbursements as well as imputed costs and in-kind donations for the 29 day care centers sponsored by 26 agencies.

Many centers operate on a school-year basis (September through June) and keep their books on that basis. When possible, data were obtained for the period January through December 1970. Hence, data for 24 of the 29 participating centers cover this period; data from three centers cover the period September 1, 1970, through June 1, 1971; and data from two centers cover the period June 1, 1970, through May 31, 1971.

INCOME AND EXPENSE: ACTUAL

The collection of **actual income** data posed very little difficulty. Although most centers were willing to supply information on income, they were *more* willing to give information on expenses.

For the three centers that had incomplete income records, income was estimated on the basis of enrollment and tuition rates.

Income from Illinois-Purchase-of-Care and other grant programs was included under Grants, and only fees paid by parents were reported under Fees and Direct Payments.

Income from Special Events was defined in the manual as "gross revenue from such events before expense." Since most centers received and reported *net income* for this source, it was often difficult to find out the total money raised.

A few centers that were affiliated with parent organizations reported appropriations from the parent organizations. The amount of appropriations equalled the deficit between expenses incurred and income received directly by the center. In the findings of this study, these amounts were shown as income received and were reported as a separate source of income.

Although a variety of record-keeping and financial reporting was encountered, from simple one-step methods to sophisticated accounting procedures, the collection of **actual expense** data proceeded fairly well. In one center run as a hobby, the director had center

transactions (income and expenses) intermingled with her personal finances. She was able to separate out center expenses except for such items as telephone and food supplies, and therefore estimations had to be made for these two items.

Three centers used the simple method of numerically listing each check issued every month, showing the payee, services rendered, purchases made, and taxes deposited. The remaining centers used line-item expense reporting. Some centers reported monthly expense only, while others used quarterly and yearly financial reports. Seven of the centers included in the report used the Community Fund reporting forms. Currently, all centers are using line-item expense totals.

Reorganizing the expenses of the centers to conform with the manual's line-item expense definitions was not a serious problem.

In general, the more detailed and specific the line-items in a center's books, the easier it was to allocate costs to the manual's functional categories. And conversely, the broader the scope of the center's line-items, the more back-tracking, separating out, and estimating were necessary.

Even for centers with specific line-items and detailed records, however, expenses such as costs of printing for Advertising, costs of printing for Fund-Raising, and costs of printing for office Supplies were not easily separated. The same was true for mailing and Advertising. Costs of mailing for Fund-Raising and mailing for general center business were usually combined and considered "mailing," with no thought given to separating these items.

For centers having only major line-item expenses, such as personnel, fringe benefits, maintenance, supplies, telephone, postage, shipping, printing, transportation, equipment, and miscellaneous, it was a laborious task to separate out the information sought. For example, cost analysis requires that specific information be available on the costs for specific supplies, that is, *office* supplies, *educational* supplies, *special education* supplies, *program planning* materials, *food* supplies, *household maintenance* supplies, *health* supplies, and *auto* supplies.

Even though many centers reported similar line-item expenses, it was apparent that no standard definition was being used. It was always necessary to ascertain the nature of the expenses included in order to determine compatibility with the account definitions given in the manual.

One further adjustment of income and expense occurred when the center's fiscal year did not correspond with the period under study. This difficulty was easily overcome, and the time involved depended on the type of recording system used by the center.

Personnel Costs

Some centers reported net salary. Adjustments had to be made so that the expenses for gross salary, employer's share of FICA, fringe benefits (and in one case travel), could be reported separately. It was often difficult to obtain a breakdown of fringe benefits showing their separate costs and to whom they applied. In these cases the total cost of all fringe benefits was prorated on the basis of each employee's gross salary.

Occupancy

Most centers reported Occupancy expenses which in many cases, included telephone expenses. Some centers did not pay for utilities, and in a few centers, space was donated by churches and other groups. The problems that arose from these situations were: (1) separating out telephone cost; (2) checking that expenses reported reflected the cost of rental space, utilities, and maintenance; and (3) imputing cost for any or all of these four expenses when facilities were donated.

Mailing/Shipping, Printing, Advertising

The problem with costs for mailing/shipping, printing, and advertising was that they were usually combined with other cost items. It was difficult, therefore, to isolate and then to attribute them appropriately to either Administration, Fund-Raising, or Advertising. Since estimates had to be made in most cases, the reported expenses by function for these items are not accurate. The bias caused by this was minimal and did not affect the final results.

Depreciation

Depreciation allowances were introduced because they reduce capital acquisition costs that would otherwise fluctuate irrationally from year to year. Depreciation allowances eliminate the possibility that large cost outlays for equipment and property will be attributed to the operating expenses of any given year. Instead, such expenses are spread over a number of years.

Assets considered as subject to depreciation allowances included donated property and equipment, as well as property and equipment being purchased or already purchased. Remodeling expenses were also considered subject to depreciation allowances.

Most centers did not have a schedule of fixed assets. Much of the information obtained therefore consisted of the center director's estimation of the value and future life of equipment. Of the 29 centers included in this report, five actually accounted for depreciation expense; one had a schedule; one had equipment that was beyond value; one had no extensive or specialized equipment and therefore no depreciation; one rented equipment; one was permitted to use classroom and office equipment as a fringe benefit to rental of space; and the other centers estimated equipment value.

Experience has shown that only centers run "for profit" are concerned with depreciation expense and annually report depreciation on their tax returns.

Not-for-profit centers disregard depreciation because:

1. It is not required by their funding sources
2. As nonprofit organizations they do not pay taxes

3. Due to lack of funds, most equipment is either loaned free of charge or donated (One center stated that the Illinois Department of Mental Health would not reimburse for equipment expense.)

4. Equipment is rented

In the not-for-profit centers, therefore, depreciation usually depended on estimated values. As the costs obtained were not altogether reliable, a wide variation in depreciation allowances was shown, which in most cases had little or no effect on the total cost of a center's program.

Net Changes in Working Capital Derived from Operations

"Net changes in working capital derived from operations" is defined in the *Manual of Day Care Cost Analysis* as "that portion of net income which is reinvested into a business to assure its continued operation." The manual also states that this cost is "not to exceed 10 percent of the total depreciation reported."

This statement is a recognition that depreciation allowances by themselves are not sufficient for replacing capital goods. Depreciation allowances merely permit the replacement of capital goods based on the original purchase price. Inflation, changes in standards, and changes in quality often make it impossible to replace capital goods at their original price.

Thus, because the computing of "net changes" depends completely and directly on having information on depreciation allowances, the same difficulties that were encountered in determining depreciation allowances were also experienced in figuring "net changes." Hence, if centers did not have a depreciation schedule for their fixed assets; or if a center's equipment had already depreciated beyond value; or if a center either rented equipment or had access to equipment as a fringe benefit to rental space–then depreciation allowances had to be estimated. Since the amount to be reported as "net changes" is directly related to the amount reported as depreciation allowances, "net changes" became an estimate based on an unreliable estimate.

Equipment Repairs

In compiling the data, the expenses for equipment repairs and service maintenance contracts were attributed to "supplies" under the appropriate functional category.

Staff Development and On-the-Job Training

This functional category includes the cost of student training, learning conferences, professional conferences, and other expenses related to a staff training and development program. Two centers included in the study (one is a parent and child center) are involved in adult education and parent training programs. The considerable overlapping of programs makes it difficult to give a value to the contributions made by one program to the other.

The day care program includes special training for parents. Some staff are involved in both programs; some parents are staff in one program or trainees or students in another, or both; while many of the educational conferences or meetings are beneficial to both programs. Since time was too brief to make a second visit to these centers, it was decided to expand the Staff Development category to include the cost of parent training in both programs.

Transportation

In most centers it was difficult to obtain separate costs for transporting clients to the center, staff travel to conferences, and meetings and field trips. Transportation expenses were usually reported as a single expense, which often included all the above costs as well as the cost of bringing adults to training centers. Where there was no documentation to enable a proper allocation of expense, an estimated amount was given by the center's director or accounting staff. When Transportation expense included the combined cost for parents in adult training programs and children in day care, the cost was prorated on the basis of the number of parents and children using the service.

Shared Costs

Three of the day care centers in our study belonged to parent organizations that handled the bookkeeping, fund-raising, and other administrative duties for all their members. Some cost must be recognized by the benefiting agencies for these services.

Where shared costs had not already been calculated, the administrative costs of the parent organization were prorated on the basis of the ratio of the center's total program cost to the cost of all the programs administered by the parent organization.

Day Camp

Only two of the centers in the study had a summer day camp program in addition to their regular programs. The fact that many of the other centers operate on a school-year basis and are closed during the summer months was a consideration in the decision to report costs of Day Camp separately. This new functional category was therefore added to the original nine.

Typical Days

So that personnel expense could be allocated to the correct functional category, center staff were asked to estimate the average amount of time they spent in each functional category.

Making such estimates was the area in which the difficulties of retrospective gathering of information were most apparent. When centers had program changes, the staff had to be continually reminded that it was information for 1970 program activities that was required. In centers where fiscal years included parts of two calendar years, the difficulty of remembering was compounded when two different programs were being reported.

When it was not possible to directly interview the staff, because of summer vacations or termination of employment, the information on staff positions was supplied by the directors of the centers.

INCOME AND EXPENSE: IMPUTED

Some centers were required by their funding sources to keep records of the amounts and dollar value of all donated goods and services. Centers that lacked such records—particularly the private proprietary centers—initially felt that they would not have any such imputed costs. The problem of discovering the sources of donated goods and services and imputing their dollar value was probably the biggest one confronted in the field test.

The difficulty experienced by the project staff was knowing the sources of donated goods and services, and the difficulty experienced by the center was in recognizing and remembering. Some obvious sources of donated services were unpaid volunteers, religious personnel who receive only a stipend, and personnel whose services are paid for by the parent organization.

Center owners became aware that they themselves were often a source of in-kind donations. For example, where an owner works in a center and considers his profit from the business to be his compensation and does not receive a salary, the real cost must be imputed for his services.

Center staff who were paid less than $1.65 per hour, or nonmanagerial staff who worked more than 40 hours per week but received no compensation such as "overtime" or "time off," were also considered a source of in-kind contributions.

Imputing Costs of Donated Services

Four factors were considered when computing the value of donated services:

1. Number of hours
2. Rate per hour
3. Professional or volunteer service
4. Whether, in the opinion of the director of the center, the services donated were necessary to the center's operation

The number of hours was taken from records or from invoices when these were available. In most cases the information was an estimation. The rate per hour was dependent on whether or not the service was professional or volunteer. Donated professional service was defined as medical doctors, psychiatrists, educational consultants, management consultants, stockbrokers, accountants, and bankers—all of whom offer *services in their specialty.*

Donated volunteer service included service performed by anyone in all nonprofessional areas (regardless of their *professional* qualifications), all staff who are paid less than $1.65 per

hour, and staff who work more than 40 hours per week in nonmanagerial positions and who receive no compensation for such overtime.

Allocation of Personnel Expense and Staff Time

Personnel expense includes salary, payroll taxes, fringe benefits, and other employee compensation. This total expense was calculated separately for each staff member and then allocated to functional categories on the basis of the percent of time each staff person spent in each category.

The total number of man-hours was allocated to functional categories on the same basis, and then the total number of man-hours per category was used for the proration of occupancy expense.

Since the actual number of hours worked was required for each staff person, the following information was essential:

1. The *specific* dates of employment for each staff member
2. The *actual* number of days each person *worked* at the center
3. The *actual* number of hours per day each person *worked* at the center

Getting this specific information was very difficult in most of the centers. In some centers, personnel records were not kept or had been discarded. Even in centers where personnel records were kept, files were missing, records were incomplete, or information very general. The center staff was sometimes unwilling to search through all personnel records (especially true for *large* centers having numerous personnel and a great amount of staff turnover).

When obtainable, the rate per hour paid to staff was used to calculate the total hours worked.

Although man-hours reported in the study are not "actual hours worked" and in a number of instances are estimates, they are considered to be reasonably correct.

Child-Hours of Service

To most day care center people, enrollment and attendance are synonymous, and the tendency was to report attendance rather than enrollment. According to the manual, computing "child hours of service" requires information on the *enrollment* for each month and on the actual number of days per month and actual number of hours per day the center was open. The total child-hours of service is therefore based on enrollment, and means total *enrolled* child-hours of service rather than *actual* child-hours of service.

After the official closing of the program year, most centers had staff work for a week or two "cleaning-up" and "sewing-up" the year's operations. This time was not included in child-hours of service.

Proration of Occupancy Expense

Occupancy expense was prorated on the basis of the number of man-hours spent in each function, excluding Transportation and Day Camp.

Because Transportation was defined in the manual as an exogenous cost, Occupancy expense was *not* prorated to Transportation. Only expenses related to transporting clients to and from the center were charged to Transportation.

Occupancy expense was *not* prorated to Day Camp for a number of reasons. When this study began, Day Camp was *not* defined as a service function of day care service. The two centers having a day camp program had kept a separate account of day camp expenses, and when data for the study were being collected, the same system was followed. Day camp was viewed by operators as a separate type of program because it operates only during the summer, and because children other than the regular day care clientele are included.

A later analysis of the expenses of the two day camp programs showed that each program had many of the same cost elements as regular day care service—such as supervision, education, supplies, food, rental, and utilities. Furthermore, most day camp activities take place away from the day care center, and the use of alternate premises entails special charges such as pool rental.

For these reasons, it was decided that Day Camp, like Transportation service, should be excluded from the proration of Occupancy expense and treated as an individual program service function.

When Occupancy expense was being prorated, the data revealed that in some centers there was a service function expense without related man-hours spent in the function. The functions affected were: (1) Special Education, (2) Health Service, and (3) Staff Development and On-the-Job Training.

An analysis of these three service function expenses showed that only one function, Special Education, should have had related man-hours imputed. In the six centers that offered Special Education services, the expenses consisted of only field trip cost. The major difficulty here was in trying to obtain the number of volunteer hours donated; therefore neither man-hours nor cost was reported for the volunteer services donated to field trips.

These findings point up the fact that it is possible to have a service function expense that is unrelated to the use of space in the center.

Proration of Administration Expense

After proration of Occupancy expense, Administration expense was prorated to the six service functions, excluding Day Camp, on a basis of total service function cost.

The expenses of the Day Camp programs as recorded by the day care centers also included Administration expense. Because of the insignificant effect on the reported cost of the programs, it was considered inefficient to isolate the Administration costs of the Day Camp program and transfer them to the Administration functional category just to include the Day Camp program administration cost in a proration of that total functional expense.

APPENDIX A
DETAILED TABLES

APPENDIX TABLE 1

COST PER ENROLLED-CHILD-HOUR OF SERVICE BY FUNCTIONAL CATEGORY BY CENTER AND AUSPICES

	Functional Category										
Auspices	1. Administration	2. Occupancy	3. Supervision and Education	4. Special Education	5. Food Service	6. Health Service	7. Intake, Evaluation, and Referral	8. Staff Development and On-the-Job Training	9. Transportation	10. Day Camp	Total Cost
Private proprietary											
1A	$ .19	.17	.33	.05	.06	–	.01	.01	.01	–	$ .83
1B	.14	.10	.17	–	.08	–	.01	.01	.09	.11	.71
1C	.06	.06	.36	–	.11	–	–	–	–	–	.59
1D	.18	.59	.40	.02	.06	–	.02	.02	–	–	1.29
1E	.11	.08	.05	–	.05	–	.01	.01	.01	–	.32
1F	.09	.12	.17	–	.09	–	–	–	.01	–	.48
Total Cost	.13	.15	.19	–	.07	–	.01	.01	.04	.05	.65
Not-for-Profit											
2A	.30	.27	.54	.01	.32	–	.02	.03	–	–	1.49
2B	.54	.63	.74	.05	.49	.03	.04	.17	–	–	2.69
2C	1.13	.34	.50	–	.11	.15	.19	.25	.83	–	3.50
2D	.69	.34	.09	.89	.05	–	.03	.17	.30	–	2.56
2E	.09	.02	.23	–	.12	–	–	.06	.10	.14	.76
2F	.47	.29	.52	–	.02	–	.09	.15	–	–	1.54
2G	.20	.15	.23	–	.02	.01	–	–	–	–	.61
2H	.52	.30	.67	.03	.05	–	–	.12	–	–	1.69
2I	.19	.15	.14	.01	.11	–	.03	.05	–	–	.68
2J	.54	.14	.02	.69	.12	.01	.24	.04	.16	–	1.96
2K	.49	.22	.06	.49	.15	–	.15	.10	.35	–	2.01
Total Cost	.40	.25	.32	.15	.17	.02	.07	.09	.13	.02	1.62
Church-related											
3A	.21	.14	.30	–	.16	.01	.05	.02	–	–	.89
3B	.30	.15	.67	.01	.30	.18	.02	.08	.01	–	1.72
3C	.35	.14	.36	–	.13	–	.10	.02	–	–	1.10
3D	2.63	.71	.04	1.85	.36	.23	.30	.43	.55	–	7.10
3E	.14	.19	.17	.01	.15	.01	.03	.07	.01	–	.78
3F	.10	.04	.17	–	.12	–	.01	.01	.01	–	.46
Total Cost	.27	.17	.21	.09	.15	.02	.05	.06	.03	–	1.05
Cooperative											
4A	.30	.12	.39	–	.03	–	.02	.02	.03	–	.91
4B	.22	.19	.57	–	.03	–	–	–	.03	–	1.04
4C	.12	.18	.47	.01	.07	–	–	.01	–	–	.86
Total Cost	.20	.16	.46	.01	.05	–	.01	.01	.02	–	.92
Grand Total	.28	.19	.25	.09	.14	.01	.05	.06	.07	.02	1.16

APPENDIX TABLE 2

ACTUAL COST, IMPUTED COST, AND TOTAL COST PER ENROLLED-CHILD-HOUR OF SERVICE

Auspices	Centers	Actual Cost*	Actual Cost* Per Enrolled-Child-Hour of Service	Imputed Cost	Donated and Imputed Cost Per Enrolled-Child-Hour of Service	Total Cost	Total Cost Per Enrolled-Child-Hour of Service	Total Enrolled-Child-Hours of Service
Private proprietary								
	1A	$ 4,852	$ .60	$ 1,884	$ .23	$ 6,736	$ .83	8,156
	1B	137,314	.61	23,393	.10	160,707	.71	226,192
	1C	4,774	.16	12,542	.43	17,316	.59	29,534
	1D	64,063	1.23	3,273	.06	67,336	1.29	52,386
	1E	28,022	.30	1.304	.02	29,326	.32	92,579
	1F	39,314	.43	4,696	.05	44,010	.48	91,937
		$ 278,339	$ .56	$ 47,092	$ .09	$ 325,431	$ .65	500,784
Not-for-Profit								
	2A	74,608	1.13	23,707	.36	98,315	1.49	65,832
	2B	296,207	2.63	7,008	.06	303,215	2.69	112,570
	2C	178,277	3.16	19,301	.34	197,578	3.50	56,392
	2D	48,328	2.41	2,926	.15	51,254	2.56	19,995
	2E	79,829	.69	7,896	.07	87,725	.76	115,811
	2F	42,046	1.03	20,983	.51	63,029	1.54	40,902
	2G	15,148	.49	3,856	.12	19,004	.61	31.320
	2H	39,237	1.46	6,227	.23	45,464	1.69	26,895
	2I	110,017	.64	5,929	.04	115,946	.68	171,507
	2J	117,035	1.73	15,224	.23	132,259	1.96	67,605
	2K	156,762	1.79	19,372	.22	176,134	2.01	87,483
		$1,157,494	$1.45	$132,429	$ .17	$1,289,923	$1.62	796,312
Church-related								
	A	112,494	.82	9,581	.07	122,075	.89	136,923
		10,729	.77	13,293	.95	24,022	1.72	13,955
		72,018	.86	20,389	.24	92,407	1.10	83,826
		203,649	5.67	51,605	1.43	255,254	7.10	35,979
	JE	282,277	.70	30,986	.08	313,263	.78	402,065
	3F	67,764	.38	13,685	.08	81,449	.46	175,255
		$ 748,931	$ .88	$139,539	$ .17	$ 888,470	$1.05	847,953
Cooperative								
	4A	15,873	.74	3,685	.17	19,558	.91	21,570
	4B	13,925	.98	908	.06	14,833	1.04	14,256
	4C	14,739	.61	5,991	.25	20,730	.86	24,100
		$ 44,537	$ .74	$ 10,584	$ .18	$ 55,121	$ .92	59,926
Total		$2,229,301	$1.01	$329,644	$ .15	$2,558,945	$1.16	2,204,975

* This cost reflects the following adjustments: Tuition refunds (netted to income); Insurance refunds (netted to expense); FICA refunds for previous years (not included); Equipment purchases (not included); Depreciation (imputed); Net changes in working capital derived from operations (imputed); Donated goods and services not already included; Prorated ad-administrative and fund-raising expense; accrual adjustments.

APPENDIX TABLE 3

COST PER CHILD-HOUR OF SERVICE AFTER PRORATION BY SERVICE FUNCTION BY CENTER AND AUSPICES

Auspices	Functional Category									
	1. Supervision and Education	2. Special Education	3. Food Service	4. Health Service	5. Intake, Evaluation, and Referral	6. Staff Development and On-the-Job Training	7. Subtotal	8. Day Camp	9. Transportation	10. Total
Private proprietary										
1A	.59	.09	.11	–	.01	.02	.82	–	.01	.83
1B	.33	.01	.13	.01	.01	.02	.51	.11	.09	.71
1C	.46	–	.13	–	–	–	.59	–	–	.59
1D	1.06	.04	.11	–	.04	.04	1.29	–	–	1.29
1E	.14	.01	.12	–	.02	.02	.31	–	.01	.32
1F	.33	–	.14	–	–	–	.47	–	.01	.48
Total Group	.39	.01	.13	–	.01	.02	.56	.05	.04	.65
Not-for-Profit										
2A	.92	.01	.46	–	.06	.04	1.49	–	–	1.49
2B	1.35	.09	.82	.05	.08	.30	2.69	–	–	2.69
2C	1.15	–	.25	.31	.45	.51	2.67	–	.83	3.50
2D	.20	1.60	.09	–	.05	.32	2.26	–	.30	2.56
2E	.29	–	.15	–	–	.08	.52	.14	.10	.76
2F	1.03	–	.04	–	.18	.29	1.54	–	–	1.54
2G	.54	–	.05	.02	–	–	.61	–	–	.61
2H	1.30	.06	.10	–	–	.23	1.69	–	–	1.69
2I	.30	.02	.21	–	.06	.09	.68	–	–	.68
2J	.03	1.14	.19	.01	.37	.06	1.80	–	.16	1.96
2K	.11	.85	.25	.01	.27	.17	1.66	–	.35	2.01
Total Group	.59	.25	.29	.03	.14	.17	1.47	.02	.13	1.62
Church-related										
3A	.50	–	.27	.01	.08	.03	.89	–	–	.89
3B	.93	.01	.40	.25	.02	.10	1.71	–	.01	1.72
3C	.67	–	.22	–	.17	.04	1.10	–	–	1.10
3D	.11	3.75	.79	.42	.61	.87	6.55	–	.55	7.10
3E	.33	.02	.23	.02	.05	.12	.77	–	.01	.78
3F	.26	–	.17	–	.01	.01	.45	–	.01	.46
Total Group	.38	.17	.25	.03	.08	.11	1.02	–	.03	1.05
Cooperative										
4A	.74	–	.06	–	.04	.04	.88	–	.03	.91
4B	.97	–	.04	–	–	–	1.01	–	.03	1.04
4C	.74	.02	.09	–	–	.01	.86	–	–	.86
Total Group	.79	.01	.07	–	.01	.02	.90	–	.02	.92
Total All Groups	.47	.16	.23	.02	.08	.11	1.07	.02	.07	1.16

APPENDIX TABLE 4

PERCENTAGE OF INCOME BY SOURCE BY CENTER AND AUSPICES

Auspices	Source of Income										
	1. Fees and Direct Payments	2. Interest on Deposits by Clients	3. Memberships	4. Gifts and Contributions	5. Grants	6. Investment Income	7. Income from Franchises, Rentals and Leases, and Royalties	8. Sale or Exchange of Property	9. Special Events	10. Appropriations	Total Income
Private proprietary											
1A	70.7	–	–	29.3	–	–	–	–	–	–	100.0
1B	89.6	–	–	10.4	–	–	–	–	–	–	100.0
1C	48.1	–	–	51.9	–	–	–	–	–	–	100.0
1D	94.5	–	–	5.3	–	–	.1	–	.1	–	100.0
1E	96.4	–	–	3.6	–	–	–	–	–	–	100.0
1F	89.6	–	–	10.4	–	–	–	–	–	–	100.0
% of Aggregate Total	88.1	–	–	11.9	–	–	–	–	–	–	100.0
Not-for-Profit											
2A	–	–	–	25.8	74.2	–	–	–	–	–	100.0
2B	–	–	–	.6	99.4	–	–	–	–	–	100.0
2C	–	–	–	8.7	91.2	–	–	–	.1	–	100.0
2D	–	–	–	3.7	96.3	–	–	–	–	–	100.0
2E	–	–	–	9.2	90.8	–	–	–	–	–	100.0
2F	72.4	–	–	22.8	–	4.5	–	–	.3	–	100.0
2G	81.5	–	–	–	12.7	–	–	–	5.8	–	100.0
2H	82.5	–	–	9.4	–	.1	.1	–	7.9	–	100.0
2I	10.5	–	2.4	30.1	28.5	7.5	–	–	21.0	–	100.0
2J	–	–	–	1.0	99.0	–	–	–	–	–	100.0
2K	–	–	–	.3	92.1	–	–	–	–	7.6	100.0
% of Aggregate Total	9.6	–	.2	8.7	77.3	.9	–	–	2.4	.9	100.0
Church-related											
3A	15.1	–	.5	56.6	23.0	1.0	–	–	3.8	–	100.0
3B	–	–	–	54.7	45.3	–	–	–	–	–	100.0
3C	15.9	–	–	65.6	16.9	1.4	–	–	.2	–	100.0
3D	6.2	–	–	8.7	11.6	–	–	–	–	73.5	100.0
3E	31.9	–	–	19.7	10.1	–	–	–	5.9	32.4	100.0
3F	24.7	–	–	25.1	49.8	–	–	–	.4	–	100.0
% of Aggregate Total	19.7	–	.1	28.7	17.4	.3	–	–	2.8	31.0	100.0
Cooperative											
4A	70.8	.3	–	18.2	–	–	–	–	10.7	–	100.0
4B	93.1	–	–	5.9	–	1.0	–	–	–	–	100.0
4C	72.1	–	–	27.6	–	.3	–	–	–	–	100.0
% of Aggregate Total	77.7	.1	–	18.1	–	.4	–	–	3.7	–	100.0
% of Grand Total	26.5	–	.1	15.9	44.3	.6	–	–	2.2	10.4	100.0

APPENDIX TABLE 5

PERCENTAGE OF MAN-HOURS BY FUNCTIONAL CATEGORY BY CENTER AND AUSPICES

Auspices	Functional Category 1. Administration	2. Occupancy	3. Supervision and Education	4. Special Education	5. Food Service	6. Health Service	7. Intake, Evaluation, and Referral	8. Staff Development and On-the-Job Training	9. Transportation	10. Day Camp	Total
Private proprietary											
1A	28.1	12.6	43.8	6.2	6.2	–	1.1	–	2.0	–	100.0
1B	17.8	5.4	37.3	.5	8.4	–	1.1	2.0	8.8	18.7	100.0
1C	8.9	6.1	78.9	–	6.1	–	–	–	–	–	100.0
1D	18.7	11.0	60.5	1.7	4.1	–	2.0	2.0	–	–	100.0
1E	47.1	7.5	24.3	–	14.7	–	3.5	2.9	–	–	100.0
1F	12.7	13.6	58.7	–	15.0	–	–	–	–	–	100.0
% of Aggregate Total	20.7	7.9	44.3	.6	9.5	–	1.3	1.7	4.5	9.5	100.0
Not-for-Profit											
2A	13.7	11.7	55.4	–	10.4	–	6.7	2.1	–	–	100.0
2B	21.0	14.7	35.1	2.0	15.5	1.3	2.8	7.6	–	–	100.0
2C	33.4	7.6	20.0	–	4.4	3.3	8.0	4.3	19.0	–	100.0
2D	33.4	.9	12.6	40.6	2.1	.1	1.3	9.0	–	–	100.0
2E	7.6	2.0	43.7	–	22.4	–	.3	10.3	1.9	11.8	100.0
2F	30.0	6.8	42.5	–	1.0	–	6.4	13.3	–	–	100.0
2G	30.3	7.3	56.4	–	3.0	3.0	–	–	–	–	100.0
2H	27.3	15.2	45.3	1.2	4.4	–	–	6.6	–	–	100.0
2I	15.6	21.4	32.4	1.7	16.8	–	3.2	8.9	–	–	100.0
2J	15.0	6.5	3.1	52.5	4.5	.3	12.9	.8	4.4	–	100.0
2K	15.0	7.2	4.4	33.0	9.0	–	12.7	7.0	11.7	–	100.0
% of Aggregate Total	21.7	10.4	28.4	9.4	10.0	1.1	6.0	6.3	5.9	.8	100.0
Church-related											
3A	23.1	11.1	39.0	–	19.4	–	5.4	2.0	–	–	100.0
3B	13.1	2.2	56.0	–	13.7	11.3	.6	3.1	–	–	100.0
3C	16.8	7.7	51.7	–	12.2	–	9.3	2.3	–	–	100.0
3D	26.8	7.1	2.8	32.7	10.5	1.4	5.7	7.7	5.3	–	100.0
3E	15.1	20.2	35.0	2.1	13.9	1.1	3.5	9.1	–	–	100.0
3F	15.9	1.5	48.7	.2	26.1	–	2.8	1.0	3.8	–	100.0
% of Aggregate Total	18.0	12.8	34.9	5.8	15.6	1.1	4.4	6.1	1.3	–	100.0
Cooperative											
4A	25.2	6.4	60.9	–	3.2	–	2.6	1.7	–	–	100.0
4B	18.9	7.9	71.6	–	.7	–	–	–	.9	–	100.0
4C	13.5	4.2	78.1	–	4.2	–	–	–	–	–	100.0
% of Aggregate Total	19.5	6.2	69.7	–	2.7	–	1.0	.6	.3	–	100.0
% of Grand Total	20.1	10.9	33.8	6.7	11.9	.9	4.7	5.5	3.9	1.6	100.0

APPENDIX TABLE 6

PERCENTAGE OF EXPENSE BY LINE-ITEM BY CENTER AND AUSPICES

Auspices	Line Item Expense									
	1. Personnel	2. Building Occupancy	3. Licenses	4. Communications	5. Advertising, Fund Raising, and Community Relations	6. Supplies, Depreciation of Furniture and Equipment	7. Special Services and Professional Fees	8. Uncollectible Accounts	9. Other Expenses	Total Expenses
Private proprietary										
1A	76.8	10.4	–	.1	1.1	9.4	2.2	–	–	100.0
1B	65.7	10.3	–	.9	1.7	12.4	8.7	–	.3	100.0
1C	74.5	6.2	–	1.0	.2	17.2	.4	–	.5	100.0
1D	40.8	43.8	.1	.4	2.7	9.0	3.0	.2	–	100.0
1E	64.7	18.8	.2	1.1	.2	9.9	4.4	4	.3	100.0
1F	61.2	17.0	.1	1.1	.3	16.0	3.0	.7	.6	100.0
% of Aggregate Total	60.5	18.7	.1	.8	1.5	12.1	5.8	.2	.3	100.0
Not-for-Profit										
2A	69.6	8.6	–	.9	.5	14.9	5.5	–	–	100.0
2B	71.6	8.2	–	1.7	–	13.1	5.3	–	.1	100.0
2C	71.0	4.6	–	.9	.4	5.0	18.0	–	.1	100.0
2D	69.6	8.3	–	.8	.2	8.2	12.8	.1	–	100.0
2E	68.7	2.8	–	.3	.8	12.6	14.7	–	.1	100.0
2F	58.3	14.8	.1	.3	3.5	7.2	15.0	–	.8	100.0
2G	61.1	19.4	–	.7	9.2	8.4	1.2	–	–	100.0
2H	68.7	6.5	–	.9	9.3	11.1	2.5	.5	.5	100.0
2I	63.3	9.9	–	.7	7.3	9.5	7.3	–	1.6	100.0
2J	71.6	3.3	–	.4	1.6	5.0	7.7	–	10.4	100.0
2K	62.8	7.7	–	.6	.4	5.0	12.7	–	10.8	100.0
% of Aggregate Total	68.2	7.3	–	.9	1.7	9.1	10.0	–	2.8	100.0
Church-related										
3A	81.4	7.9	–	.5	2.8	5.6	1.8	–	–	100.0
3B	73.4	7.3	–	.7	.3	8.8	9.5	–	–	100.0
3C	64.6	8.8	–	.7	.2	7.8	.5	–	17.4	100.0
3D	65.4	5.3	–	.8	.2	4.6	8.5	–	15.2	100.0
3E	78.1	6.1	–	.9	.5	12.3	1.9	–	.2	100.0
3F	75.9	8.8	–	.9	.5	10.3	3.4	–	.2	100.0
% of Aggregate Total	73.2	6.7	–	.8	.7	8.4	4.0	–	6.2	100.0
Cooperative										
4A	74.4	10.8	–	.9	2.9	7.8	2.8	.4	–	100.0
4B	78.9	10.7	–	2.3	.7	5.0	2.3	–	.1	100.0
4C	65.6	15.8	–	1.6	.2	8.9	7.5	.2	.2	100.0
% of Aggregate Total	72.3	12.6	–	1.6	1.3	7.5	4.4	.2	.1	100.0
% of Grand Total	69.1	8.7	–	.9	1.3	9.2	7.2	–	3.6	100.0

APPENDIX TABLE 7

PERCENTAGE OF EXPENDITURES BY FUNCTIONAL CATEGORY BY CENTER AND AUSPICES

Auspices	Functional Category 1. Administration	2. Occupancy	3. Supervision and Education	4. Special Education	5. Food Service	6. Health Service	7. Intake, Evaluation, and Referral	8. Staff Development and On-the-Job Training	9. Transportation	10. Day Camp	Total
Private proprietary											
1A	22.7	20.5	39.9	5.9	7.3	–	.8	1.4	1.5	–	100.0
1B	20.0	13.9	23.6	.5	10.5	.3	1.0	1.8	12.8	15.6	100.0
1C	9.2	11.0	61.4	–	18.4	–	–	–	–	–	100.0
1D	14.3	45.8	31.3	1.3	4.6	–	1.3	1.4	–	–	100.0
1E	33.9	23.4	16.7	.5	16.6	–	2.2	2.8	3.9	–	100.0
1F	18.4	24.7	37.0	–	18.5	–	–	–	1.4	–	100.0
% of Aggregate Total	19.3	22.8	28.7	.7	11.3	.2	1.0	1.4	6.9	7.7	100.0
Not-for-Profit											
2A	20.2	17.9	36.4	.4	21.4	.2	1.7	1.8	–	–	100.0
2B	20.1	23.5	27.6	1.8	18.3	1.1	1.5	6.0	.1	–	100.0
2C	32.2	9.8	14.4	–	3.1	4.2	5.6	7.0	23.7	–	100.0
2D	26.8	13.4	3.2	34.9	2.0	.1	1.0	6.8	11.8	–	100.0
2E	11.3	3.4	29.9	.1	15.4	–	.3	8.2	13.1	18.3	100.0
2F	30.3	18.8	33.9	–	1.5	–	6.2	9.3	–	–	100.0
2G	33.2	24.7	36.8	–	3.6	1.5	–	.2	–	–	100.0
2H	30.8	17.5	39.7	1.9	2.8	–	–	7.3	–	–	100.0
2I	27.7	21.5	20.9	1.8	16.1	.2	5.0	6.8	–	–	100.0
2J	27.8	7.0	.8	35.6	6.1	.4	12.1	2.1	8.1	–	100.0
2K	24.2	10.8	3.0	24.3	7.3	.2	7.6	4.9	17.7	–	100.0
% of Aggregate Total	24.7	15.2	19.6	9.1	10.8	1.0	4.4	5.7	8.3	1.2	100.0
Church-related											
3A	23.3	15.9	33.7	.3	18.3	1.2	5.4	1.9	–	–	100.0
3B	17.5	8.5	39.1	.5	17.4	10.8	1.0	4.5	.7	–	100.0
3C	31.6	12.9	32.8	–	1.6	.1	9.0	2.0	–	–	100.0
3D	37.1	10.0	.5	26.1	5.1	3.2	4.2	6.0	7.8	–	100.0
3E	18.1	23.8	22.3	1.5	18.9	1.3	4.1	9.3	.7	–	100.0
3F	22.6	9.8	36.1	.5	24.8	.1	1.9	1.6	2.6	–	100.0
% of Aggregate Total	26.1	15.9	20.4	8.1	14.6	1.8	4.5	5.8	2.8	–	100.0
Cooperative											
4A	32.7	13.4	42.5	.1	3.6	–	2.3	2.6	2.8	–	100.0
4B	21.0	18.4	54.7	–	2.7	–	–	–	3.2	–	100.0
4C	13.8	20.7	54.5	1.9	8.4	–	–	.7	–	–	100.0
% of Aggregate Total	22.5	17.5	50.3	.7	5.2	–	.8	1.2	1.8	–	100.0
% of Grand Total	24.5	16.4	21.7	7.5	12.1	1.2	3.9	5.1	6.0	1.6	100.0

APPENDIX TABLE 8

PERCENTAGE OF TOTAL EXPENSE AFTER PRORATION BY SERVICE FUNCTION BY CENTER AND BY AUSPICES

Auspices	Service Function 1. Supervision and Education	2. Special Education	3. Food Service	4. Health Service	5. Intake, Evaluation, and Referral	6. Staff Development and On-the-Job Training	7. Subtotal	8. Day Camp	9. Transportation	10. Total
Private proprietary										
1A	71.9	10.5	12.6	–	1.6	1.9	98.5	–	1.5	100.0
1B	46.8	.9	18.3	.5	1.8	3.3	71.6	15.6	12.8	100.0
1C	78.7	–	21.3	–	–	–	100.0	–	–	100.0
1D	82.1	2.9	8.8	–	3.0	3.2	100.0	–	–	100.0
1E	43.8	1.0	39.3	–	5.8	6.8	96.1	–	3.9	100.0
1F	69.3	–	29.3	–	–	–	98.6	–	1.4	100.0
Total Group	59.1	1.3	19.7	.3	2.1	2.9	85.4	7.7	6.9	100.0
Not-for-Profit										
2A	61.8	.6	30.5	.2	4.0	2.9	100.0	–	–	100.0
2B	50.3	3.3	30.4	1.9	3.0	11.0	99.9	–	.1	100.0
2C	32.8	–	7.0	9.0	12.8	14.7	76.3	–	23.7	100.0
2D	7.7	62.5	3.6	.1	1.9	12.4	88.2	–	11.8	100.0
2E	38.1	.1	19.6	–	.4	10.4	68.6	18.3	13.1	100.0
2F	66.7	–	2.6	–	11.8	18.9	100.0	–	–	100.0
2G	88.3	–	7.6	3.9	–	.2	100.0	–	–	100.0
2H	77.2	3.4	5.8	–	–	13.6	100.0	–	–	100.0
2I	43.7	3.4	30.4	.2	8.7	13.6	100.0	–	–	100.0
2J	1.6	58.0	9.5	.6	19.1	3.1	91.9	–	8.1	100.0
2K	5.3	42.0	12.5	.3	13.6	8.6	82.3	–	17.7	100.0
Total Group	36.5	15.4	17.9	2.0	8.3	10.4	90.5	1.2	8.3	100.0
Church-related										
3A	56.0	.4	29.9	1.7	8.8	3.2	100.0	–	–	100.0
3B	54.1	.6	22.9	14.5	1.3	5.9	99.3	–	.7	100.0
3C	60.6	–	20.1	.2	15.6	3.5	100.0	–	–	100.0
3D	1.5	52.8	11.1	5.9	8.6	12.3	92.2	–	7.8	100.0
3E	42.4	2.8	29.9	2.1	6.6	15.5	99.3	–	.7	100.0
3F	54.8	.6	36.7	.1	3.0	2.2	97.4	–	2.6	100.0
Total Group	35.9	16.3	23.9	3.1	7.9	10.1	97.2	–	2.8	100.0
Cooperative										
4A	81.9	.1	6.4	–	4.3	4.5	97.2	–	2.8	100.0
4B	93.0	–	3.8	–	–	–	96.8	–	3.2	100.0
4C	85.6	2.2	11.2	.1	–	.9	100.0	–	–	100.0
Total Group	86.3	.9	7.5	–	1.6	1.9	98.2	–	1.8	100.0
All Groups	40.3	13.6	20.0	2.1	7.2	9.2	92.4	1.6	6.0	100.0

APPENDIX TABLE 9

ENROLLMENT BY PERCENTAGE OF LICENSED CAPACITY BY CENTER AND AUSPICES

Auspices	Child Capacity	Average Monthly Enrollment	Percent of Capacity	Cost Per Child-Hour of Program Service[a]
Private proprietary				
1A	59	52.0	88.1%	$ .82
1B	154	172.3	111.9	.62[b]
1C	20	19.2	96.0	.59
1D	70	108.0	154.3	1.29
1E	49	46.6	95.1	.31
1F	60	53.0	88.3	.47
Group Total	412	451.1	109.5%	$ .61
Not-for-Profit				
2A	90	104.1	115.7%	$1.49
2B	95	90.5	95.3	2.69
2C	55	56.5	102.7	2.67
2D	26	20.3	78.1	2.26
2E	60	88.4	147.3	.66[b]
2F	60	104.5	174.2	1.54
2G	50	58.0	116.0	.61
2H	65	64.8	99.7	1.69
2I	116	117.9	101.6	.68
2J	50	46.6	93.2	1.80
2K	80	71.1	88.9	1.66
Group Total	747	822.7	110.1%	$1.49
Church-related				
3A	60	65.1	108.5%	$ .89
3B	24	19.3	80.4	1.71
3C	44	39.3	89.3	1.10
3D	30	57.9	193.0	6.55
3E	250	201.8	80.7	.77
3F	100	91.7	91.7	.45
Group Total	508	475.1	93.5%	$1.02
Cooperative				
4A	42	44.5	106.0%	$ .88
4B	40	66.0	165.0	1.01
4C	80	78.0	97.5	.8
Group Total	162	188.5	116.4%	$ .90
All Centers	1,829	1,937.4	105.9%	$1.09

[a] Transportation service excluded.
[b] Day Camp included.

APPENDIX B
DAY CARE IN THE CHICAGO AREA

DAY CARE IN THE CHICAGO AREA

INTRODUCTION

The coincidence of a number of trends in the changing societal role of women and the child development field have placed day care in the position of a top priority issue. According to federal statistics, 40% of mothers with children under 18 (as compared to 10% in 1940) and 33% of mothers with children under six (as compared to 14% in 1950) are presently in the labor market.

There is a great deal of ambivalence associated with the term day care. It is used to describe a wide variety of child care arrangements available for less than twenty-four hours outside a child's own home. The settings, functions, philosophies, activities, size, clientele, and ownership arrangements implied by the term are manifold.

The State of Illinois Child Care Act of 1969 specifies two distinct types of day care settings: day care homes and day care centers. A day care home is a family home which is licensed to receive up to eight children for care during a day. The maximum of eight children includes the family's natural or adopted children under eighteen years of age who are in the home under full-time care. The Act defines "day care center" to mean "any child care facility receiving more than eight children for day-time care during all or part of a day." This definition includes facilities commonly called "child care centers," "day nurseries," "nursery schools," "kindergartens," "play groups," and "centers or workshops for mentally or physically handicapped" with or without stated educational purposes. According to the Act:

> The term does not include (a) kindergartens or nursery schools or other daytime programs operated by public or private elementary school systems or secondary level school units or institutions of higher learning; (b) facilities operated in connection with a shopping center or service, or other similar facility, where transient children are cared for temporarily while parents or custodians of the children are occupied on the premises, or are in the immediate vicinity and readily available; (c) any type of day care center that is conducted on Federal government premises; or (d) special activities programs, including athletics, crafts instruction and similar activities conducted on an organized and periodic basis by civic, charitable and governmental organizations.*

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*Standards for Licensed Day Care Centers and Nighttime Centers (Illinois: State of Illinois Department of Children and Family Services, January 1, 1970).

Thus, privately owned nurseries are licensed as day care, but nurseries operated by a board of education or a parochial school are not. Centers for mentally disturbed children are often licensed as day care, but in some cases they are licensed as multi-service institutions. Centers for the retarded and/or for the physically handicapped are licensed as day care, but they are also licensed as multi-service institutions, and in some instances -- particularly when parents are involved in supervision -- they are not required to be licensed at all. Park board recreation programs that share common characteristics with those of day care centers are not usually licensed, but on occasion they are. Some Head Start centers are licensed, while others are not.

COUNCIL'S ROLE

The Welfare Council of Metropolitan Chicago has been actively engaged in the development of information and issues related to the field of day care in the Chicago area for many years. Recent efforts in this direction include Day Care Resources and Needs, Day Care for Children in Chicago, Core Planning for Low Income Area Day Care Centers, Day Care Cost Analysis: A Manual of Instructions, and A Model for Evaluating State Sponsored Day Care Centers. The present report partially updates some of the previously published information on number and capacity of day care centers and provides some new information on the users, auspices, funding, and staffing of the centers. Sources of material for this report were the Illinois Department of Children and Family Services Licensing Data; Welfare Council Day Care Cost Project Questionnaire; and the U. S. Census, 1970, First Count.

The Day Care Cost Project Questionnaire was submitted to the 544 day care centers licensed for preschool day care by the State in the Chicago and suburban areas. Two hundred ninety three (293) of the returned questionnaires were analyzed to provide information on auspices, clients, employee-child ratios, and financing which was otherwise unavailable. Table 1 indicates that centers with from 30-59 children in average daily attendance (and in particular, proprietary centers with from 30-59 children) are under-represented in this respondent group. It is likely that centers with insecure management, program, or financial status are somewhat under-represented as well.

This report is divided into two substantive sections: the first presents material gleaned from the State licensing and Federal census data on Chicago and suburban Cook County areas; the second refers to information from the Welfare Council questionnaire. It should be borne in mind that the first section discusses licensed day care centers of all descriptions. However, it excludes many other forms of day care, including that provided by approved but non-licensed centers and licensed day care homes. The information discussed in the second section further excludes schoolage centers and the non-responding preschool centers. Information based on the

TABLE 1

COMPARISON OF NUMBER OF CENTERS FOR PRESCHOOL CHILDREN WHICH RESPONDED TO QUESTIONNAIRE AND NUMBER OF CENTERS LICENSED FOR PRESCHOOL CHILDREN BY AVERAGE DAILY ATTENDANCE AND OWNERSHIP-AUSPICES

Ownership-Auspices	AVERAGE DAILY ATTENDANCE									Centers In Our Sample Row Totals		Centers Licensed By State Row Totals
	0-29			30-59			60 +					
	Centers In Our Sample		Total Centers Licensed By State	Centers In Our Sample		Total Centers Licensed By State	Centers In Our Sample		Total Centers Licensed By State			
	%	No.	No.	%	No.	No.	%	No.	No.	%	No.	No.
Private	60	(30)	(50)	32	(28)	(88)	57	(27)	(47)	51	(95)	(185)
Church-Related	57	(33)	(58)	45	(21)	(47)	46	(12)	(26)	55	(72)	(131)
Not-for-Profit	59	(50)	(85)	41	(39)	(95)	51	(21)	(41)	55	(121)	(221)
Cooperative	50	(2)	(4)	100	(3)	(3)	--	(0)	(0)	71	(5)	(7)
TOTAL		115	197		91	233		60	114	54	(293)	(544)

State data is taken from reports for different months of 1970, so comparable totals vary somewhat. (Reports from summer months were not used.) A similar variance in totals will be observed in the information based on the questionnaire responses due to the fact that various questions were left unanswered by the individual respondents. (In no case was any question left unanswered by more than 32 respondents.)

TABLE 2
NUMBER AND CAPACITY OF DAY CARE CENTERS
CHICAGO AND SUBURBS, 1970

Areas	No. of Centers in Chicago and Suburbs	% of Total	CAPACITY		Average Capacity Per Center
			No. of Children	% of Total Capacity	
Chicago (75 Community areas).	265	46.3	12,574	51.6	47.6
Chicago Area Suburbs (124 communities). . .	307	53.7	11,785	48.4	38.5
TOTAL CHICAGO AREA . .	572	100.0	24,359	100.0	42.7

Table 2

Table 2 presents numbers of centers and capacities for the city and suburban area. In 1970 there were 265 licensed day care centers in Chicago with a capacity for 12,574 children. In the suburban Cook County area there were 307 centers with a capacity for 11,785 children. The average center could provide care for 42.7 children per session.

Table 3

Table 3 compares number of day care centers, capacity of centers, and child population by Chicago community for 1967 and 1970. Fifteen (15) of 75 Chicago communities had no licensed preschool centers in the reporting group, while seven had 10 or more reporting centers. Although the range of the five and under population in the communities is great (from 57 children for the Loop to 20,390 for West Town) the population variance is not. There are 50 communities with five and under population of between 1,000 and 5,000. The average 5 and under population per community is 3,766. No community with a population of average or larger size is without a reporting day care center.

TABLE 3

CHICAGO: NUMBER AND CAPACITY OF DAY CARE CENTERS, 1967 AND 1970, AND CHILD POPULATION, 1970

COMMUNITY AREA	No. of Centers 1967	No. of Centers 1970	Numeric Change	Capacity of Children 1967	Capacity of Children 1970	Percent Change 1967-1970	Population 1970 5 & Under	Population 1970 6-13
1. Rogers Park	5	3	-2	118	130	+10.2	3,956	4,658
2. West Ridge	4	9	+5	195	457	+151.3	3,426	6,145
3. Uptown	5	14	+9	176	664	+289.2	9,667	12,438
4. Lincoln Square	2	2	0	213	269	+17.4	3,061	4,615
5. North Center	2	4	+2	135	192	+40.7	2,947	4,984
6. Lake View	4	7	+3	99	338	+298.0	7,525	10,963
7. Lincoln Park	6	12	+6	320	728	+87.5	5,233	7,597
8. Near North Side	7	7	0	290	231	-12.1	4,502	8,238
9. Edison Park	2	1	-1	98	73	-28.6	698	1,913
10. Norwood Park	1	2	+1	20	64	+200.0	2,207	5,409
11. Jefferson Park	0	0	0	-	-	-	1,691	3,122
12. Forest Glen	0	0	0	-	-	-	1,199	2,665
13. North Park	2	3	+1	64	73	+48.4	764	1,505
14. Albany Park	1	2	+1	35	102	+200.0	3,959	6,081
15. Portage Park	2	3	+1	57	130	+128.1	4,079	7,413
16. Irving Park	1	1	0	73	73	-0.4	4,208	6,358
17. Dunning	1	1	0	70	99	+28.6	2,491	5,305
18. Montclare	0	0	0	-	-	-	659	1,308
19. Belmont Cragin	4	5	+1	138	207	+52.2	3,549	6,094
20. Hermosa	0	1	+1	0	50	-	1,456	2,515
21. Avondale	0	1	+1	0	68	-	2,709	4,266
22. Logan Square	2	3	+1	127	163	+33.9	8,027	12,735
23. Humboldt Park	1	3	+2	40	148	+150.0	7,359	11,753
24. West Town	8	12	+4	240	396	+68.8	13,723	20,390
25. Austin	1	4	+3	68	245	+282.4	11,758	17,995

TABLE 3

CHICAGO: NUMBER AND CAPACITY OF DAY CARE CENTERS, 1967 AND 1970, AND CHILD POPULATION, 1970 (Continued)

COMMUNITY AREA	No. of Centers 1967	No. of Centers 1970	Numeric Change	Capacity of Children 1967	Capacity of Children 1970	Percent Change 1967-1970	Population 1970 5 & Under	Population 1970 6-13
26. West Garfield Park	2	1	-1	-	15	-	5,996	11,093
27. East Garfield Park	5	3	-2	235	288	-4.3	6,731	11,293
28. Near West Side	13	8	-5	304	422	+57.9	8,655	16,995
29. North Lawndale	4	3	-1	106	102	+3.8	12,125	22,536
30. South Lawndale	1	1	0	42	42	+19.0	6,273	9,198
31. Lower West Side	0	5	+5	-	74	-	4,813	7,867
32. Loop	0	0	0	-	-	-	57	35
33. Near South Side	1	1	0	0	45	-	1,026	1,683
34. Armour Square	2	1	-1	50	50	-	1,155	2,119
35. Douglas	8	10	+2	94	368	+320.2	4,902	8,873
36. Oakland	0	0	0	-	-	-	2,115	4,794
37. Fuller Park	0	0	0	-	-	-	779	1,546
38. Grand Boulevard	3	6	+3	179	277	+67.6	7,570	17,417
39. Kenwood	6	6	0	179	405	+123.5	2,552	3,718
40. Washington Park	4	4	0	182	197	+20.9	4,173	8,581
41. Hyde Park	6	7	+1	281	282	+10.3	2,010	2,892
42. Woodlawn	4	7	+3	54	329	+520.4	5,378	8,565
43. South Shore	7	13	+6	424	540	+36.8	6,421	9,140
44. Chatham	5	9	+4	129	451	+248.8	3,223	6,149
45. Avalon Park	1	3	+2	30	167	+533.3	1,194	2,576
46. South Chicago	4	4	0	147	273	+90.5	3,943	6,805
47. Burnside	0	0	0	-	-	-	197	451
48. Calumet Heights	1	4	+3	90	134	+44.4	1,479	3,220
49. Roseland	1	4	+3	47	187	+325.5	4,878	10,370
50. Pullman	0	0	0	-	-	-	1,045	1,800

TABLE 3

CHICAGO: NUMBER AND CAPACITY OF DAY CARE CENTERS, 1967 AND 1970, AND CHILD POPULATION, 1970 (Continued)

COMMUNITY AREA	No. of Centers 1967	No. of Centers 1970	Numeric Change	Capacity of Children 1967	Capacity of Children 1970	Percent Change 1967-1970	Population 1970 5 & Under	Population 1970 6-13
51. South Deering	3	4	+1	95	80	-5.3	1,697	3,395
52. East Side	0	0	0	-	-	-	1,843	3,702
53. West Pullman	2	2	0	25	91	+300.0	2,972	6,747
54. Riverdale	2	2	0	75	135	+86.7	1,926	4,150
55. Hegewisch	0	0	0	-	-	-	1,075	2,071
56. Garfield Ridge	1	2	+1	30	50	+100.0	2,931	7,271
57. Archer Heights	0	0	0	-	-	-	655	1,331
58. Brighton	1	1	0	0	58	-	2,812	4,273
59. McKinley Park	0	0	0	-	-	-	1,305	2,165
60. Bridgeport	3	1	-2	70	70	-	3,157	5,341
61. New City	2	2	0	65	140	+115.4	5,909	9,385
62. West Elsdon	0	0	0	-	-	-	758	1,676
63. Gage Park	1	3	+2	34	159	+341.2	1,678	3,078
64. Clearing	0	0	0	-	-	-	1,956	3,985
65. West Lawn	0	1	+1	-	23	-	1,118	2,437
66. Chicago Lawn	4	5	+1	200	198	+5.0	2,782	4,942
67. West Englewood	3	3	0	0	107	-	5,981	11,766
68. Englewood	3	5	+2	78	245	+246.2	10,413	19,294
69. Greater Grand Crossing	8	13	+5	315	631	+106.3	4,301	8,102
70. Ashburn	0	0	0	-	-	-	2,862	8,522
71. Auburn Gresham	2	11	+9	54	567	+964.8	6,229	11,799
72. Beverly	2	3	+1	122	152	+39.3	1,681	4,328
73. Washington Heights	0	4	+4	0	200	-	2,935	7,158
74. Mount Greenwood	0	1	+1	0	10	-	1,550	3,921
75. Morgan Park	2	3	+1	41	110	+168.3	2,363	5,369
CHICAGO TOTAL	178	265	+87	6,353	12,574	+99.9	282,432	502,389

In the three years between 1967 and 1970 the number of licensed day care centers increased from 178 to 265. The licensed capacity for Chicago centers doubled during that time. In 1967 the city had a licensed day care center capacity of 6,353; in 1970 the capacity was 12,574. In 38 of the 75 communities the number of licensed centers increased. Eight communities had fewer centers; however, with the exception of one or two of these communities with diminished numbers of centers, licensed capacity was either equal to or greater than what it was in 1967. This probably reflects a tendency for successful centers to increase in size or to acquire additional operating units over time.

TABLE 4
CAPACITY AND ENROLLMENT OF DAY CARE CENTERS
CHICAGO AND SUBURBAN AREAS

Area	Centers Reporting Capacity & Enrollment	Capacity	Average Capacity Per Center	Enroll-ment	Average Enrollment Per Center
Chicago	127	6,968	54.9	6,378	50.2
Suburban Area	136	6,509	47.9	7,286	53.5
TOTAL	263	13,477	51.2	13,664	51.5

Table 4

Table 4 indicates that of the reporting centers, 136 are in the suburban areas, while 127 are in Chicago proper. The city centers are licensed for a larger capacity of children, 6,968, as compared to 6,509 for suburban centers, or an average per center of 54.9 as compared to 47.9. However, the suburban centers have a higher enrollment (7,286 as compared to 6,378 in Chicago), which is probably due in part to there being a higher incidence of children attending half-day sessions in the suburbs. The appearance the table might give, that suburban centers are enrolling more children than they are licensed for, is explained by the same fact of double sessions, i.e., a center is licensed for use of the premises by a specified number of chilren per session, but the premise is not limited to offering only one session per day.

TABLE 5
NUMBER OF CHILDREN BY AGE - CHICAGO AND SUBURBS

AGES	CHICAGO				SUBURBS				TOTAL			
	NO. OF CENTERS INCLUDING AGE GROUP IN ENROLLMENT	% OF CENTERS	NO. OF CHLDRN IN AGE GROUP	% OF CHLDRN	NO. OF CENTERS INCLUDING AGE GROUP IN ENROLLMENT	% OF CENTERS	NO. OF CHLDRN IN AGE GROUP	% OF CHLDRN	NO. OF CENTERS INCLUDING AGE GROUP IN ENROLLMENT	% OF ALL CENTERS	NO. OF CHLDRN IN AGE GROUP	% OF ALL CHILDREN
Age 2 . .	53	42.1	365	5.8	49	34.5	220	2.9	102	38.1	585	4.3
Age 3 . .	108	85.7	1,431	22.8	108	76.1	1,644	22.0	216	80.6	3,075	22.4
Age 4 . .	115	91.3	2,271	36.2	130	92.9	3,142	42.0	245	91.4	5,413	39.3
Age 5 . .	102	81.0	1,230	19.6	118	83.1	1,617	21.7	220	82.1	2,847	20.7
Over Age 5	63	50.0	981	15.6	68	47.9	855	11.4	131	48.9	1,836	13.2
TOTAL	126	-	6,278	100.0	142	-	7,478	100.0	286	-	13,756	100.0

Table 5

Table 5 displays the enrollment pattern by age of children in the responding centers in Chicago and the suburbs. The four-year old group accounts for the largest segment of enrollment in both the city and the suburbs. 36.2% and 42.0%, respectively, of enrolled children were four years old. 91.4% of all the centers include four-year olds in their programs. The general patterns of attendance by age climb from the number of two-year olds enrolled (and the number of centers that accept two-year olds); peak at the four-year age level; and diminish to the over-five level. (It will be recalled that only centers licensed for preschool care are included here.)

It would appear that two-year olds are proportionately under-represented in attendance; in the city, although 42.1% of the centers accept two-year olds, they account for only 5.8% of the enrollees; while in the suburbs only 2.9% f the enrollees are two, although 34.5% of the centers accept them. This disproportionate representation is probably accounted for by: (1) the generally disseminated belief that the average three-year old is more likely to benefit from group care than the average two-year old; and, (2) the probability that many of the centers employ self-care criteria in their admissions policy.

TABLE 6
CENTERS BY AUSPICES-CHICAGO AND SUBURBS

AREA	CHURCH AFFILIATED		PRIVATE FOR PROFIT		NOT FOR PROFIT		COOPERATIVE		
	No.	% ROW TOTAL	No.	% ROW TOTAL	No.	% ROW TOTAL	No.	% ROW TOTAL	TOTAL No.
Chicago	33	24.8	43	32.3	54	40.6	3	2.3	133
Suburbs	56	36.1	49	31.6	48	31.0	2	1.3	155
TOTAL	89	30.9	92	32.0	102	35.4	5	1.7	288

Table 6

The largest proportion of centers in the suburbs, although not too much greater than the other categories except cooperative, are those operated under church affiliated auspices. This category includes centers which are run directly by a religious order and/or denomination, as well as those that are operated by a religious order and/or denomination through a separate corporation. The smallest proportion of centers in Chicago (except cooperative), 24.8%, are classified as being under church-affiliated auspices.

The proportion of centers classified as private for profit is about equal in Chicago and the suburbs, 32.3% and 31.6%, respectively. Within the suburbs, the proportion of centers categorized as private for profit and those categorized as not for profit is about equal, 31.6% and 31.0%. Among Chicago centers, 40.6% are not for profit.

The not for profit category includes centers operated by universities, hospitals, public agencies, labor unions, etc. The private for profit category includes those proprietary, corporate, or partnership-based centers operating at a profit.

Cooperative centers numbered only 5 in both areas combined. The title "cooperative" is fairly self-explanatory of the type of operation involved.

TABLE 7
NUMBER OF CHILDREN AND EMPLOYEES BY AUSPICES OF DAY CARE CENTERS AND AVERAGE RATIOS OF EMPLOYEES TO CHILDREN
CHICAGO AND SUBURBS COMBINED

Type of Center	No.of Centers	CHILDREN		EMPLOYEES		Ratio Employees to Children
		No. Enrolled	%	No.	%	
Church Affiliated . .	82	4,098	30.1	591	29.9	1 to 6.9
Private for Profit .	78	4,278	31.4	470	23.7	1 to 9.1
Not for Profit. . . .	98	5,051	37.1	907	45.8	1 to 5.6
Cooperative	4	187	1.4	12	0.6	1 to 15.6
TOTAL	262	13,614	100.0	1,980	100.0	1 to 6.9

Table 7

From Table 7 it can be seen that the lowest employee:child ratio is the average for not for profit centers, 1:5.6. These not for profit centers enroll 37.1% of all children enrolled by the reporting day care centers and employ 45.8% of all employees reported. The highest employee:child ratio is the average for cooperative centers, 1:15.6. Cooperative centers enroll 1.4% of the children reported and have .6% of the employees. This high employee:child ratio may be a reflection of the extensive use of parents as volunteer assistant teachers in cooperative centers. The average employee:child ratios for church-affiliated and for private for profit centers fall in between those for not for profit and for cooperative agencies with 1:6.9 and 1:9.1, respectively.

TABLE 8
FINANCIAL SUPPORT OF DAY CARE CENTERS
CHICAGO AND SUBURBS

Sources of Funds	CHICAGO AREA		SUBURBAN AREAS		COMBINED	
	Centers Reporting Utilization of Source	% of Total Centers in Area	Centers Reporting Utilization of Source	% of Total Centers in Area	No. of all Centers	Percent of all Centers
Fees	101	75.9	142	91.6	243	84.4
Ill. Purchase of Care.	22	16.5	12	7.7	34	11.8
Other Public Grants. .	24	18.0	6	3.9	30	10.4
Foundations.	10	7.5	3	1.9	13	4.5
Endowments-Investments	7	5.3	2	1.3	9	3.1
Denominational Funds .	12	9.0	15	9.7	27	9.4
Community Chests . . .	28	21.1	18	11.6	46	16.0
Agency Drives	35	26.3	26	16.8	61	21.2
Bequests-Contributions	26	19.5	22	14.2	48	16.7
Other	32	24.1	33	21.3	65	22.6
TOTAL CENTERS REPORTING	133		155		288	

Table 8

Table 8 shows various possible sources of financial support which day care centers might utilize. The table indicates the number of centers in Chicago and in the suburban areas separately and combined that reported utilization of each source. An agency may have reported use of any number of the separate sources and thus be counted several times in the column "No. of Centers Reporting Utilization of Source." The percent column shows the percentage of all centers in an area that reported using a particular funding source.

The data indicate that fees are the source of funds used by the largest percentage of day care centers in both the Chicago and suburban areas, 75.9% and 91.6% of the centers, respectively. After fees the proportion of agencies reporting utilization of any one funding source drops considerably with only 21.3% of suburban agencies responding to the "Other" category and 26.3% of Chicago agencies reporting utilization of agency drives. Overall seven funding sources were reported utilized by at least 16% of Chicago centers, while only three different sources were reported utilized by at least 16% of suburban centers.

Table 9

Table 9 indicates the relationship between use of funding sources and day care center auspices. For all types of centers reporting, fees were the most frequently used source of funds. After fees, the second most frequently responded to source of funds for profit and not for profit centers is the category "Other." For church-affiliated centers, denominational funds is the source reported second most frequently. For cooperative centers agency drives ranked third with for profit and not for profit centers. Not for profit centers, on the whole, reported using a greater variety of funding sources than any of the other types of centers. Among not for profit agencies at least 24% of the agencies used six different sources, including Fees, Illinois Purchase of Care, Community Chest, Agency Drives, Bequests-Contributions, and Other.

Table 10

Within Chicago the greatest proportion of church affiliated, private for profit, and cooperative auspices centers are of medium size (31-60 children). Not for profit centers are equally divided between the smallest size, 1-30 children (38.5%) and the 31-60 children size (38.5%).

In suburban areas most of the church affiliated centers (44%) are of 31-60 children. The private for profit centers have 35.9% in the 31-60 children size range and 35.9% in the 61 and over children size. The percentages of not for profit centers in each size range are approximately equal, 35.5%, 33.3%, and 31.1%. The two suburban cooperative centers are split with one being in the smallest range and one in the largest.

The Chicago and suburbs combined total indicates that the highest percentage (39.5%) day care centers are in the medium size range, 31-60 children. The second largest percentage is 32.7% in the 1-30 children range. Large centers account for the smallest percentage with 27.8%.

TABLE 9
FINANCIAL SUPPORT OF DAY CARE CENTERS BY AUSPICES
CHICAGO AND SUBURBS COMBINED

SOURCE OF FUNDS	CHURCH-AFFILIATED		PRIVATE FOR PROFIT		NOT FOR PROFIT		COOPERATIVE	
	Centers Reporting Utilization of Source	% of Centers	Centers Reporting Utilization of Source	% of Centers	Centers Reporting Utilization of Source	% of Centers	Centers Reporting Uciliza-tion of Source	% of Centers
Fees	81	91.0	84	92.3	73	70.9	5	100.0
Ill. Purchase of Care . . .	4	4.5	5	5.5	25	24.3	0	0.0
Other Public Grants	5	5.6	5	5.5	20	19.4	0	0.0
Foundations	2	2.2	0	0.0	11	10.7	0	0.0
Endowments-Investments . . .	1	1.1	1	1.1	7	6.8	0	0.0
Denominational Funds	22	24.7	1	1.1	4	3.9	0	0.0
Community Chest	9	10.1	6	6.6	31	30.1	0	0.0
Agency Drives	13	14.6	7	7.7	39	37.9	2	40.0
Bequests-Contributions . . .	8	9.0	5	5.5	35	34.0	0	0.0
Other.	15	16.9	99	9.9	41	39.8	0	0.0
TOTAL REPORTING	89		91		103		5	

TABLE 10
CENTERS BY SIZE AND AUSPICES
CHICAGO AND SUBURBS

Type of Center and Location	NUMBER OF DAY CARE CENTERS (1-30 Chldn) No. of Centers	(1-30 Chldn) % of Centers by Auspices	(31-60 Chldn) No. of Centers	(31-60 Chldn) % of Centers by Auspices	(61 & Over) No. of Centers	(61 & Over) % of Centers by Auspices	TOTAL	Percent of All Centers
CHICAGO								
Church-affiliated . . .	9	27.3	13	39.4	11	33.3	33	26.0
Private for Profit . .	11	27.5	18	45.0	11	27.5	40	31.5
Not for Profit	20	38.5	20	38.5	12	23.1	52	40.9
Cooperative	-	-	2	-	-	-	2	1.6
CHICAGO TOTAL	40	31.5	53	41.7	34	26.8	127	(100.0)
SUBURBAN								
Church-affiliated . . .	18	36.0	22	44.0	10	20.0	50	36.7
Private for Profit. . .	11	28.2	14	35.9	14	35.9	39	28.7
Not for Profit.	16	35.5	15	33.3	14	31.1	45	33.1
Cooperative	1	-	-	-	1	-	2	1.5
SUBURBAN TOTAL	46	33.8	51	37.5	39	28.7	136	(100.0)
TOTAL CHICAGO & SUBURBAN	86	32.7	104	39.5	73	27.8	263	(100.0)

TABLE 11
NUMBER OF CHILDREN ENROLLED IN DAY CARE CENTERS BY FAMILY COMPOSITION
CHICAGO & SUBURBS

Type of Family	CHILDREN IN CHICAGO		CHILDREN IN SUBURBS		TOTAL CHILDREN	
	No.	Per-cent	No.	Per-cent	No.	Per-cent
Father Only as Head of Household	76	1.2	118	1.6	194	1.4
Female Headed Household . . .	1,590	24.9	543	7.5	2,133	15.6
Foster Parents	117	1.8	69	0.9	186	1.4
Two Parents Working	2,470	38.8	1,439	19.8	3,909	28.6
Other	2,125	33.3	5,117	70.2	7,242	53.0
TOTAL CHILDREN	6,378	100.0	7,286	100.0	13,664	100.0

Table 11

Table 11 relates data on the family compositions of children enrolled in reporting day care centers in Chicago and suburban areas, separately and combined. The "Father Only as Head of Household" category and the "Female Headed Household" category both indicate single parent families, one with just the father present and the other with only the mother or a mother substitute present. The Foster Parents category refers to children who have been legally placed in foster homes. The category of Two Parents Working refers to a family in which both parents are present, but both are working. The "Other" category includes a family situation in which both parents are present with only one working, as well as those centers that did not respond to the question.

The categories with the smallest percentage of children in both the Chicago and suburban areas are "Father Only" and "Foster Parents." Fewer than 2% of the children enrolled fall in either one of these categories. 38.8% of the children enrolled in Chicago centers come from families with two parents working and 19.8% of the suburban children come from this family situation. 33.3% of children in Chicago centers were placed in the "Other" category, while 70.2% of children in suburban centers are in this category. This difference between the number of Chicago children and suburban children in the "Other" category is perhaps accounted for by there being more two

parent homes with non-working mothers in suburban areas. These families may be sending their children to nursery school type programs for the child's own enrichment, rather than to all-day centers for the purpose of care of the child while the parents are out of the home. Thus, while the total number of children enrolled in suburban centers is higher than that in Chicago centers, more working and/or single parents (fathers only, mothers only, and both parents working) utilized Chicago centers (4,136) than utilized suburban centers (2,100).

Table 12

Table 12 relates the data on family composition of children enrolled in Chicago and suburban centers according to center auspices. 52% (or 101) of all children with only a father in the home are enrolled in church affiliated centers. The largest proportion (42.6%) of children with only a mother or mother substitute are enrolled in not for profit centers. Among children having foster parents, 40.3% are enrolled in private for profit centers and an almost equivalent proportion of 40.9% are enrolled in not for profit centers. 48.5% of those children with two parents working are enrolled in private for profit agencies with the remainder split almost evenly between church-affiliated and not for profit, 22.6% and 28.7%, respectively. Children in the "Other" category (including 2 parents with one parent working and those centers that did not respond) are 33.9% in church-affiliated and 39.7% in not for profit centers.

Table 13

Table 13 presents the number of children in various ethnic or racial groups, and the number of centers including children from each ethnic group in their enrollments. Over 2/3 (69.8%) of the children enrolled in Chicago and suburban day care centers are white. Slightly less than 1/4 (24.7%) of those enrolled are black. The next highest proportion of children is 2.1% Orientals. Mexicans make up 1.8%; and Puerto Ricans make up 1.6% of all children enrolled.

It should be noted that in the accounting of the number of day care centers that include children of a certain ethnic group in their enrollment, one center may enroll some children from each group and thus be counted several times in the column "Number of Centers . . ." 88.3% of the total of 273 centers reporting include white children in their enrollment. This indicates, conversely, that 11.7% of the centers do not include white children in their enrollment. 48% of the centers have black children. 29.7% include Orientals, 19.4% include Mexicans, and 13.6% enroll Puerto Ricans.

TABLE 12
FAMILY COMPOSITION OF CHILDREN ENROLLED BY CENTER AUSPICES
CHICAGO AND SUBURBS COMBINED

Type of Family	CHURCH-AFFILIATED		PVT. FOR PROFIT		NOT FOR PROFIT		COOPERATIVE		TOTAL CHILDREN		
	No.	Row %	No.	Row %	No.	Row %	No.	Row %	No.	Row %	Col. %
Father Only as Head of Household	101	52.0	56	28.9	37	19.1	0	-	194	100.0	100.0
Female Headed Households.	642	30.1	577	27.1	909	42.6	5	0.2	2,133	100.0	15.6
Foster Parents.	35	18.8	75	40.3	76	40.9	0	-	186	100.0	1.4
Two Parents Working . . .	817	22.6	1,754	48.5	1,037	28.7	6	0.2	3,614	100.0	26.5
Other	2,553	33.9	1,816	24.1	2,992	39.7	176	2.3	7,537	100.0	55.1
TOTAL CHILDREN	4,148	30.3	4,278	31.3	5,051	37.0	187	1.4	13,664	100.0	100.0

TABLE 13
NUMBER OF CHILDREN BY ETHNIC OR RACIAL GROUP AND THEIR DISTRIBUTION BY DAY CARE CENTERS
CHICAGO AND SUBURBS COMBINED

Race or Ethnic Group	Number of Centers	% of Centers	Number of Children	% of Children
White	241	88.3	9,540	69.8
Black	131	48.0	3,375	24.7
Mexican	53	19.4	240	1.8
Puerto Rican	37	13.6	220	1.6
Oriental.	81	29.7	289	2.1
WHITE TOTAL	241	88.3	9,540	69.8
OTHER TOTAL	187	68.5	4,124	30.2
TOTAL	273		13,664	(100.0)